



AGRICULTURAL RESEARCH INSTITUTE
PUSA

INTERNATIONAL INSTITUTE OF AGRICULTURE

BULLETIN OF THE BUREAU

OF ECONOMIC AND SOCIAL IN-

TELLIGENCE ▲ ▲ ▲ ▲ ▲ ▲

15th VOLUME ☞ ☞

IIIrd YEAR - NUMBER I

☞ ☞ **JANUARY 1912**



ROME, 1912 — PRINTED AT THE INSTITUTE'S PRINTING OFFICE

STAFF OF THE BUREAU

Chief of the Bureau

Prof. GIOVANNI LORENZONI, LL. D.

Chief of Section

K. A. WIETH-KNUDSEN, D. Pol. Sc.

Redacteurs:

- | | |
|--------------------------|----------------------------------|
| 1. M. BEAUFRETON, LL. D. | 6. J. K. MONTGOMERY, B.A., B.Sc. |
| 2. G. COSTANZO, LL. D. | 7. L. PAULUCCI, LL. D. |
| 3. L. DE NOBILI, LL. D. | 8. G. PILATI, LL. D. |
| 4. B. GRIZIOTTI, LL. D. | 9. O. PIRES, Agric. Eng. |
| 5. A. MAC LEAN, Ph. D. | 10. G. ROCCA, LL. D. |

11. H. KRETSCHMAR, Correspondent.

The English translation has been made by Mrs BYRNE, Misses CREETH and BARRETT, and Mr. W. P. WATERMEYER.

THE INTERNATIONAL INSTITUTE OF AGRICULTURE

The International Institute of Agriculture was established under the International Treaty of June 7th, 1905, which was ratified by 40 Governments. Ten other Governments have since adhered to the Institute.

It is a Government Institution in which each Country is represented by delegates. The Institute is composed of a General Assembly and a Permanent Committee.

The Institute, confining its operations within an international sphere, shall:

a) Collect, study, and publish as promptly as possible statistical, technical, or economic information concerning farming, vegetable and animal products, the commerce in agricultural products, and the prices prevailing in the various markets;

b) Communicate to parties interested, also as promptly as possible, the above information;

c) Indicate the wages paid for farm work;

d) Make known the new diseases of plants which may appear in any part of the world, showing the territories infected, the progress of the diseases, and, if possible, the remedies which are effective;

e) Study questions concerning agricultural co-operation, insurance, and credit in all their aspects; collect and publish information which might be useful in the various countries for the organisation of works connected with agricultural co-operation, insurance and credit;

f) Submit to the approval of the Governments, if there is occasion for it, measures for the protection of the common interests of farmers and for the improvement of their conditions, after having utilized all the necessary sources of information, such as the wishes expressed by international or other agricultural congresses or by congresses of sciences applied to agriculture, or agricultural societies, academies, learned bodies, etc.

The Institute publishes: *a)* a Bulletin of Agricultural Statistics; *b)* a Bulletin of Agricultural Intelligence and Diseases of

Plants; c) a Bulletin of Economic and Social Intelligence; d) a Bulletin Bibliographique hebdomadaire (published every Saturday).

It has also published a volume on "The Organization of Agricultural Statistical Services in the Several Countries", and a volume on "Statistics of Cultivated Areas and of Vegetable and Animal Production in the Adhering Countries" (an Inventory drawn up from documents published by Governments), and "Monographs on Agricultural Association in Various Countries (2. Vol)".

**Officers of the Institute
and List of the Delegates to the Permanent Committee.**

President: Marquis RAFFAELE CAPPELLI, *Delegue of Italy.*

Vice-President: M. LOUIS-DOP, *Delegue of France.*

Vice-General Secretary: Prof. GIOVANNI LORENZONI.

Delegates of the adhering States to the Permanent Committee.

| | States adhering to the Institute | Groups in which adhering States are classified | Names and Rank of the Delegates |
|----|-------------------------------------|---|--|
| 1 | Germany | I | Dr. T. MUELLER, Privy Councillor. |
| 2 | Argentine Republic | I | His Excell. E. PORTELA, Minister plenipoten- tiary of the Argentine Republic to H. M. the King of Italy. |
| 3 | Austria | I | Chev. V. DE POZZI, Government Councillor. |
| 4 | Hungary | I | E. DE MIKLÓS DE MIKLÓSVAR, Secretary of State for Agriculture, Member of the House of Magnates. |
| 5 | Belgium | IV | O. BOLLE. |
| 6 | Brazil | I | ANTONINO FIALHO, Ex-Deputy; Ex-President of the National Agricultural Society. |
| 7 | Bulgaria | III | D. RIZOFF, Minister plenipotentiary of Bulgaria to H. M. the King of Italy. |
| 8 | Chile | I | S. ALDUNATE BASCUÑAN, Minister plenipoten- tiary of Chile to H. M. the King of Italy. |
| 9 | China | I | TCHIAO-HI-TCHOU, Secretary of the Chinese Legation to the Italian Government. |
| 10 | Costa-Rica | V | R. MONTEALEGRE, Minister plenipotentiary of Costa-Rica to H. M. the King of Italy. |
| 11 | Cuba | V | C. M. DE CESPEDES Y QUESADA, Minister plenipo- tentary of Cuba to H. M. the King of Italy. |

| | Deriving Institute | Groups in which the adhering States are classified | Names and Rank of the Delegates |
|----|---------------------------------|--|---|
| 12 | Denmark | IV | H. H. KONOW, Secretary to the Danish Legation to the Italian Government. |
| 13 | Ottoman Empire | I | Dr. MEHMED DJÉMIL BEY. |
| 14 | Egypt | II | B. CHIMIRRI, Delegate of Eritrea and Italian Somaliland. |
| 15 | Ecuador | V | A. NORERO, Minister plenipotentiary of Ecuador to H. M. the King of Italy. |
| 16 | Spain | I | ENRIQUE RODRIGUEZ DE CELIS, Agricultural Engineer. |
| 17 | United States . . | I | DAVID LUBIN. |
| 18 | Ethiopia | V | Prof. G. CUBONI, Director of the Station of Plant Pathology of Romè. |
| 19 | France | I | LOUIS-DOP, Vice-President of the Institute. |
| 20 | Algeria | V | LOUIS-DOP, Delegate of France. |
| 21 | Tunis | V | LOUIS-DOP, Delegate of France. |
| 22 | Great Britain and Ireland | I | H. G. DERING, Counsellor to the British Embassy to the Italian Government. |
| 23 | Australia . . . | IV | H. G. DERING, Delegate of Great Britain and Ireland. |
| 24 | Canada | II | H. G. DERING, Delegate of Great Britain and Ireland. |
| 25 | British India . | II | H. G. DERING, Delegate of Great Britain and Ireland. |
| 26 | New Zealand . | IV | H. G. DERING, Delegate of Great Britain and Ireland. |
| 27 | Mauritius . . | V | H. G. DERING, Delegate of Great Britain and Ireland. |
| 28 | Union of South Africa | IV | |
| 29 | Greece | IV | B. INTRIGILA, Consul General of Greece at Rome. |
| 30 | Italy | I | Marquis R. CAPPELLI, Vice-President of the Chamber of Deputies, President of the Institute. |
| 31 | Eritrea and Italian Somaliland | IV | B. CHIMIRRI, Member of Parliament. |

| | States adhering to the Institute | Groups in which the adhering States are classified | Names and Rank of the Delegates |
|----|-------------------------------------|--|--|
| 32 | Japan | I | NAOTOSHI MARUMO, First Secretary to the Imperial Japanese Embassy to the Italian Government. |
| 33 | Luxemburg | V | O. BOLLE, Delegate of Belgium. |
| 34 | Mexico | II | G. A. ESTEVA, Minister plenipotentiary of Mexico to H. M. the King of Italy. |
| 35 | Montenegro | V | G. VOLPI, Director General of the Monopolies of the Kingdom. |
| 36 | Nicaragua. | V | V. E. BIANCHI, Consul General of Nicaragua at Rome. |
| 37 | Norway. | IV | Dr. G. FJELSTAD, Agricultural proprietor. |
| 38 | Paraguay | V | Prof. ORAZIO COMES, Principal of the Higher School of Agriculture, Portici, (Italy). |
| 39 | Holland | IV | H. DE WEEDE, Minister plenipotentiary of Holland to H. M. the King of Italy. |
| 40 | Peru | V | Dr. M. M. MESONES. |
| 41 | Persia | IV | A. DEL GALLO, Marquis of ROCCAGIOVINE. |
| 42 | Portugal | IV | LUIZ FILIPPE DE CASTRO, Professor of the Agronomic Institute at Lisbon. |
| 43 | Roumania. | I | G. C. NANO, Minister plenipotentiary of Roumania to H. M. the King of Italy. |
| 44 | Russia | I | His Excell. G. ZABIELLO, Counsellor of State, Consul General of Russia at Rome. |
| 45 | Salvador | V | A. BALLO, Acting Consul General of Salvador at Genoa. |
| 46 | San Marino | V | His Excell. L. LUZZATTI, Minister of State of the Kingdom of Italy. |
| 47 | Servia | III | B. I. SOUBOTITCH, Secretary to the Servian Legation to the Italian Government. |
| 48 | Sweden | IV | Baron C. N. D. DE BILDT, Minister plenipotentiary of Sweden to H. M. the King of Italy. |
| 49 | Switzerland | IV | J. B. PIODA, Minister plenipotentiary of Switzerland to H. M. the King of Italy. |
| 50 | Uruguay | V | REQUEÑA BERMUDEZ, Chargé d'affaires of Uruguay to the Italian Government. |

CONTENTS.

PART I.

CO-OPERATION AND ASSOCIATION.

I. — Current Questions and Recent News.

Facts and Problems of International Interest

International Co-operative Institutions.

| | | |
|--|------|----|
| Introduction | Page | 3 |
| I. — <i>International Co-operative Alliance</i> | | 3 |
| § 1. Origin and Development | | 3 |
| § 2. Organization of the Society and Statistical Data | | 7 |
| § 3. Deliberations of the International Congresses and Publications of the Society | | 10 |
| II. — <i>The International Confederation of the Agricultural Co-operative Societies</i> | | 14 |
| § 1. Development and Organization | | 14 |
| § 2. Desires Expressed by the Congresses | | 18 |
| III. — <i>Appendix.</i> | | |
| List of the Publications of the International Co-operative Alliance | | 21 |
| List of the Publications of the International Confederation of Agricultural Co-operative Societies | | 22 |

Austria :

CURRENT QUESTIONS.

The New Bills on Co-operative Societies in Austria.

PART I.

| | | |
|--|------|----|
| Bill for a General New Law on Co-operative Societies | Page | 23 |
| § 1. Statistical Bases of the Bill | | 24 |
| § 2. Proposals of Reform | | 26 |

| | |
|---|----|
| § 3. Fundamental Basis of the Reform | 27 |
| § 4. Elements and Characteristics of the Co-operative Society . . | 29 |
| § 5. Rules of the Co-operative Societies | 31 |
| § 6. The Executive Bodies of the Co-operative Society | 35 |
| § 7. Inspection | 38 |
| § 8. The Co-operative Society as a Civil Person | 41 |
| § 9. Special Provisions as to Credit Co-operative Societies | 44 |

Bulgaria :

CURRENT QUESTIONS.

| | |
|--|----|
| The Agricultural Co-operative Credit Societies in Bulgaria | 47 |
| § 1. Urban Banks | 47 |
| § 2. The Agricultural Co-operative Credit Societies. | 49 |
| § 3. The Co-operative Credit Societies in Recent Years | 52 |
| § 4. The Assets of Credit Societies | 53 |
| § 5. Federation of the Co-operative Credit Societies | 56 |

France :

I. — CURRENT QUESTIONS.

| | |
|--|----|
| Co-operative Agricultural Credit during the Year 1909-1910 | 59 |
| § 1. The Various Forms of Agricultural Credit in France | 59 |
| § 2. Mutual Subsidised Agricultural Credit and the Results obtained during 1909-1910 | 65 |
| I. — <i>Regional Banks</i> | 65 |
| II. — <i>Local Banks</i> | 73 |
| III. — <i>General Results</i> | 75 |
| § 3. Autonomous Mutual Agricultural Credit and its Results during 1909-1910 | 77 |

II. — RECENT NEWS.

| | |
|--|----|
| I. Work of Federations and Central Co-operative Institutions | 81 |
| Output of the Co-operative Dairies of the Departments of the Charentes and of Poitou in 1910 | 81 |

| | |
|--|---------|
| 2. Miscellaneous Information | Page 84 |
| 1. Co-operative Agricultural Four mill at Condom (Gers) | 84 |
| 2. A Co-operative Society for the Production of Seed (Pas de Calais) | 85 |
| 3. Agricultural Syndicates and Re-afforestation | 86 |

III. — BIBLIOGRAPHY.

| | |
|--|----|
| Publications of Recent Date relating to Co-operation and Association | 88 |
|--|----|

Great Britain and Ireland:

RECENT NEWS.

| | |
|---|---------|
| I. — Legislation and State Intervention in regard to Agricultural Organization | Page 89 |
| 1. The Agricultural Credit and Insurance Societies Bill | 89 |
| 2. Grants from the Development Fund for the Promotion of Agricultural Co-operation | 90 |
| II. — Work of the Federations and Central Institutions of Co-operative Societies and of the Large Agricultural Associations | 92 |
| A. <i>Federations of Co-operative Societies</i> | 92 |
| 1. Annual Meeting of the Agricultural Organization Society | 92 |
| 2. The North Wales Section of the Agricultural Organization Society | 93 |
| 3. The Highland Branch of the Scottish Agricultural Organization Society | 93 |
| 4. The Annual Meeting of the Irish Agricultural Organization Society | 93 |
| 5. The Rural Co-partnership Housing Association | 94 |
| B. <i>Central Institutions of Co-operative Societies</i> | 95 |
| 1. The British Poultry Federation | 95 |
| 2. The Irish Agricultural Wholesale Society | 95 |
| 3. The Irish Co-operative Butter Control | 96 |
| C. <i>Large Agricultural Associations</i> | 98 |
| 1. Royal Agricultural Society of England | 98 |
| 2. Royal Dublin Society | 99 |
| 3. The British Dairy Farmers' Association | 99 |
| 4. Some Live-stock Societies | 100 |
| 5. Royal Agricultural Benevolent Institution | 102 |
| 3. Miscellaneous | 102 |
| Agricultural Co-operative Credit Societies in England and Wales | 102 |

Hungary :

CURRENT QUESTIONS.

| | |
|--|----------|
| Agricultural Co-operation in Hungary | Page 105 |
| § 1. Co-operation Generally | 105 |
| § 2. Co-operative Credit | 107 |
| § 3. Co-operative Societies for Purchase and Sale | 115 |
| § 4. Co-operative Distributive Societies | 119 |
| § 5. Co-operative Insurance | 123 |
| § 6. Co-operative Farms | 126 |
| § 7. Co-operative Agricultural Machine Societies | 128 |
| § 8. Co-operative Centres and Groups | 129 |
| § 9. The Action of the Public Administration in the Domain of Agricultural Co-operation | 130 |

PART II.

INSURANCE.

Current Questions and Recent News.

Germany :

I. — CURRENT QUESTIONS.

| | |
|---|----------|
| Social Insurance in Germany and the German Farmer (<i>Continuation</i>) | Page 137 |
|---|----------|

PART II

| | |
|--|-----|
| The Creation of a New Imperial Code for Social Insurance | 137 |
| § 10. Its Origins | 137 |
| § 11. The Work of Unification and the Chief Innovations | 139 |
| § 12. General Provisions | 141 |

II. BIBLIOGRAPHY.

| | |
|--|-----|
| Publications of Recent Date relating to Agricultural Insurance | 147 |
|--|-----|

Italy :

I. — RECENT NEWS.

| | |
|--|----------|
| 1. Legislation and State Intervention in regard to Agricultural Insurance | Page 149 |
| 1. The Reorganisation of the Council of Thrift and Social Insurance | 149 |
| 2. The First Travelling Lecturerships of Thrift in Italy | 150 |
| 3. A Circular of the Minister of Agriculture in favour of the National Committee of Agricultural Mutuality | 152 |
| 2. Work of the Agricultural Insurance Institutions and Miscellaneous Information | 153 |
| 1. The Italian Hail and Fire Insurance Societies in 1910 | 153 |
| 2. How Mutual Cattle Insurance is at present Organised in Italy | 158 |
| 3. The Constitution of National Federations of Mutual Insurance Societies Against Fire and Accidents during Work | 161 |
| 4. Insurance against the damage caused by Hail | 162 |
| 5. The Federazione Nazionale dei Consorzi Agrari in favour of Agricultural Mutuality | 164 |
| 6. A National Congress for Agricultural Mutuality | 164 |
| 7. 150,000 francs in favour of the Registration of Peasants in the National Thrift Fund | 165 |

II. — BIBLIOGRAPHY.

| | |
|--|-----|
| Publications of Recent Date relating to Agricultural Insurance | 166 |
|--|-----|

PART III.

CREDIT.

Current Questions and Recent News.

Great Britain and Ireland :

Communications from the Government

| | |
|--|----------|
| Some Forms of Rural Credit in Ireland | Page 171 |
| § 1. Loans for Land Improvement made by the Board of Works | 171 |
| § 2. The Labourers' (Ireland) Acts | 172 |
| § 3. The Loan Fund Board of Ireland | 174 |

Italy :

I. — CURRENT QUESTIONS.

| | |
|---|----------|
| Special Institutes for Agricultural Credit : The Agricultural Credit Department of the Bank of Sicily | Page 177 |
| § 1. Fundamental Principles of the Law of 29 th March, 1906 and of the Regulations of 23 rd December, 1906 | 178 |
| § 2. The Agricultural Credit of the Bank of Sicily in 1910. | 180 |

II. BIBLIOGRAPHY.

| | |
|--|-----|
| Publications of Recent Date relating to Non-Co-operative Agricultural and Land Credit | 186 |
|--|-----|

PART IV.

MISCELLANEOUS.

(Facts and Problems of General Economic Interest).

France :

I. — CURRENT QUESTIONS.

| | |
|---|----------|
| Re-afforestation before the French Parliament | Page 189 |
| § 1. Deforestation: its Character and Results | 193 |
| § 2. The Present State of Forests in France. | 194 |
| § 3. State Intervention | 196 |
| § 4. Results of the Law of 1812 | 197 |
| § 5. Where the Law is Deficient | 199 |
| § 6. Projects of Reform | 201 |
| § 7. The Winning over of Public Opinion | 202 |

II. — BIBLIOGRAPHY.

| | |
|---|-----|
| Publications of Recent Date relating to Agricultural Economy in General | 204 |
|---|-----|

Regency of Tunis :

CURRENT QUESTIONS.

| | |
|---|----------|
| French Agricultural Colonization in Tunis, Summarised from the Most | |
| Recent Documents | Page 205 |
| § 1. The Beginnings of the Protectorate | 206 |
| § 2. The Government and the Colonists | 207 |
| § 3. The Type of Tunisian Colonist | 209 |
| § 4. The Large Colonization Companies | 210 |
| § 5. The Large Proprietors | 211 |
| § 6. Agricultural Probation | 211 |
| § 7. The Difficulties of Large Estates | 212 |
| § 8. Small Estates | 213 |
| § 9. Workmen and Métayers | 215 |
| § 10. Economic Works | 218 |
| § 11. The Advisory Board | 221 |

PART I.

CO-OPERATION AND ASSOCIATION.

CO-OPERATION AND ASSOCIATION

FACTS AND PROBLEMS OF INTERNATIONAL INTEREST.

International Co-operative Institutions.

Introduction.

The modern tendency of economic and social institutions to federate, not merely within each country, but also in inter-State federations, so as to form international organizations of wider and wider extension, naturally manifests itself also in the field of co-operation. This tendency, championed about a century ago by thinkers like Owen and by co-operators in various countries, has only found its practical realisation within the last fifteen years, first in the foundation of the *International Co-operative Alliance*, an association of general character, but one in which co-operative distributive societies now predominate and later in that of a second association of purely agricultural character, the *International League of Co-operative Agricultural Associations*.

Each of these two associations, at more or less regular intervals, organizes international congresses, which form important centres of study and propaganda of co-operation and give occasion to important publications.

We shall examine these two international co-operative associations, giving a brief account of their history, their internal organization, their publications and the decisions come to in their Congresses.

I. — International Co-operative Alliance.

§ 1. *Origin and Development.*

It was at the national co-operative congresses, especially those held in Great Britain, on the initiative of the *Co-operative Union*, that the first steps towards an international co-operative movement were taken.

Foreign representatives of co-operation, especially French, German and Italian, desirous of studying British co-operative organization, took part in these congresses. Personal relations between the representatives of the various countries sprang up of themselves, and of itself also arose the idea of establishing a permanent union among the associations represented by them.

The project of an international federation of co-operative societies was several times discussed not only at the British co-operative congresses, but also at some French and Italian national congresses which foreigners were also invited to attend. The idea was taken up again in a communication addressed to co-operators in 1892 by Vansittart Neale, a fervent champion of the division of profits and by other partisans of co-operation and co-operators who had given themselves to the study of social questions, such as Holyake, de Boyve, and Robert and Owen Greening.

In consequence of the many adherents gained by this communication, two preliminary meetings were held in London in 1892 and 1893, attended by several representatives of English co-operation and some representatives of foreign co-operative societies, who decided on founding the International Federation, of Co-operative Societies.

This decision was only carried out in 1895, in which year the first international co-operative congress was held in London. Henry Wolff and E. O. Greening actively contributed to the organization of the Congress, and amongst those attending it were representatives of the co-operative societies of France, Italy, Belgium, Holland, Switzerland and some other countries.

The Congress fixed the principles on which the Alliance must work. It laid it down that the Alliance must hold aloof from all political and religious contentions and must base itself chiefly on the national federations of co-operative societies already existing or to be founded in the future. The principle of the division of profits gave rise to animated discussion, ending in a compromise by which it was declared that the association, although actuated by this principle in its work and its propaganda, did not however pretend to impose it on any one nor to render it obligatory for its members. The management of the Alliance was entrusted to a Committee instructed to proceed with the drafting of the rules and their presentation at the next International Congress.

The second Congress, held at Paris on the 26th. October, 1896, was remarkable for the large number of the representatives of co-operative societies from almost every country of Europe.

In this meeting the final rules were drawn up; the organization of the Alliance was consolidated, London being established as its headquarters and its management being entrusted to a central committee of 37 members who were charged to convoké an international congress at least once every three

years. It was further resolved to proceed with the preparation of an international system of statistics of co-operation.

The third International Co-operative Congress was held at Delft. There were about a hundred members and the principle of division of profits and that of joint property were again discussed and it was decided to institute an international co-operative exchange in Paris, a decision never carried out.

In the fourth International Congress held in Paris in 1900 and the fifth held at Manchester in 1902, important reforms in the internal affairs of the Alliance were discussed and approved. The Alliance, in addition to the representatives of co-operative organizations, included a large number of "individual members," students of co-operation and propagandists of the theory, whom the practical organizers reproached with giving undue importance to discussions on theoretical matters and especially on that of the division of profits, thus diverting the association from its practical work. As a remedy, the Manchester Congress laid it down that "the Co-operative Alliance is essentially an association of co-operative federations and societies" and that "private members can only be admitted in exceptional cases, and for those countries where co-operative organization is not yet sufficiently developed". After the Manchester Congress, the Alliance ceased to concern itself with the question of division of profits.

* * *

The changes introduced in this way among the fundamental principles of the alliance mark a new stage in its development and commence a new period of activity. The number of members, diminished in consequence of the modification of the rules, has again rapidly increased; the financial condition of the association is consolidated, and in 1903 the Committee manifested its activity by editing an international co-operative bibliography.

At the Budapest Congress, remarkable for the attendance of 250 members, representing 14 States, two important questions of principle again came up for discussion.

Doctor Müller's report on rural co-operation gave rise to a keen discussion upon the political and social character of the co-operative movement, after the vote on which the general federation of German Co-operative Societies, the Union of the Raiffeisen Co-operative Societies and the Schulze-Delitzsch Association, which were in the minority, withdrew from the Alliance.

Opinions were divided also on another question, both of principle and practice. On the subject of the "State's duty with regard to the Co-operative Societies," the Meeting was resolutely opposed to the grant of financial assistance by the State to co-operative undertakings. This decision, however, met with opposition from the rural co-operative societies, so that

the German and Austrian agricultural co-operative societies and federations withdrew from the Alliance. Three years later these latter in their turn initiated a new international association of exclusively agricultural character.

Consequently, the Congress closed with a decreased number of Adherents to the Alliance ; but several members were of opinion that the secession had really served to strengthen the association by giving it greater unity of purpose.

The seventh congress of the Alliance was held at Cremona in 1907. The question of principle debated at it was that of the co-existence of the socialist co-operators, who insist on the " war of classes " and the " pure " co-operators who repudiate this war and rather recognise in co-operation itself one of the forms of "collaboration of classes." A secession was averted, thanks to an enthusiastic speech by the Hon. L. Luzzatti, one of the Italian Ministers and one of the most fervent apostles of co-operative propaganda. He showed that co-operators of all parties, even while divided as to the ultimate aims of the co-operative movement, have yet a very wide field of understanding and collaboration open to them, that is to say, the practical extension of co-operative institutions and the study of the technical questions involved in them. The same idea was reaffirmed three years later at the Hamburg Congress.

After the close of the Congress, the Central Committee proceeded to appoint William Maxwell, President of the Alliance, in place of Henry W. Wolff, who for more than ten years, had discharged the duties of this office with really remarkable activity. In addition, it was decided to make a collection of the laws on co-operation in the several States to be published in various languages.

The three years following the Cremona Congress were a period of great activity for the Alliance. It established a permanent *secretariat* to keep the adherent associations in continual contact and to accomplish a work of assiduous co-operative propaganda by means of interchange of publications, information and photographs. This work was effectually seconded by the publication of a monthly bulletin in three languages, first issued in the beginning of 1909.

The eighth International Congress, the last that has been held up to the present, met at Hamburg in 1910. The rules of the society in their new form, which we shall examine below, were presented at it.

Let us note, however, at once that all allusion to propaganda in behalf of division of profits is suppressed.

In drafting the rules the chief desire was to admit into the alliance only the representatives of the National Federations of co-operative societies, an idea, however, that could not be altogether accepted, federations in many countries not being yet sufficiently developed.

It was also attempted to give the Alliance a firmer financial basis, by

regulating the representation of each country in the Central Committee, in proportion to its financial contribution.

The ninth Congress of the International Co-operative Alliance is fixed to be held at Glasgow in 1913.

§ 2. *Organisation of the Society and Statistical Data.*

In the Rules approved by the Hamburg congress of 1910, the various objects of the Alliance are indicated as follows :

- (a) to define and promote co-operative principles ;
- (b) to encourage the development of co-operation in every country ;
- (c) to establish friendly relations among the members of the alliance ;
- (d) to collect and render uniform the statistics of co-operation ;
- (e) to encourage the study of co-operation and provide indications relating to it ;
- (f) to encourage the development of commercial relations between the co-operative organizations of the various countries.

It will be remembered that in the previous Rules certain theoretical principles were enunciated, especially that of the division of profits upon which the work of the Alliance was to be based. This passage does not appear in the new Rules. They leave the Association greater liberty of action, limiting themselves to declaring that it is for the congress to fix the principles to serve as a basis for the work of the Alliance.

The rules provide the following *means* for the action of the Alliance ;

- (a) the periodical assembly of international congresses ;
- (b) the publication of a bulletin and other works ;
- (c) the collection of all publications and documents, drawings, photographs, etc., relating to co-operation ;
- (d) the organization of international enquiries and statistical research ;
- (e) the formation of an international organization to facilitate commercial transactions between the co-operative societies of every country and the establishment of a regular information service as to the economic conditions of the various countries.

There may be admitted as members of the Association :

- (a) co-operative societies, or unions or federations of co-operative societies ;
- (b) societies applying themselves to the propaganda of co-operation ;
- (c) honorary members, without votes, and corresponding members whose appointment rests with the management of the Society.

The co-operative societies of the countries in which national federations exist must present their applications for admission through the medium of the latter, so as to give greater unity to the representation of each country.

The contributions of the various societies are fixed according to the number of their members.

The Alliance is managed by a Central Committee, elected by the Congress, on which the various countries are represented in proportion to the contributions they pay to the society. This committee selects from among its members a managing committee of five members.

A general secretary, paid by the Society, is entrusted with the despatch of current business.

* * *

Some data as to the number of the members and the financial resources of the Association will help to give an exact idea of its development.

In 1910 (date of the last International Congress) the total number of members of the association was 796. The number of delegates taking part in that Congress was 380 representing 595 adhering co-operative societies, as shown in the following table :

*Number of Co-operative Societies Represented at the Hamburg Congress
(5th.-7th. September, 1910) according to Nations.*

| Countries | Number of Delegates | Number of Societies Represented |
|-------------------------|---------------------|------------------------------------|
| Germany | 149 | 149 |
| Argentina | 1 | 1 |
| Austria | 49 | 108 |
| Hungary | 9 | 10 |
| Belgium | 13 | 19 |
| Denmark | 4 | 5 |
| France | 11 | 26 |
| Great Britain | 84 | 186 |
| Italy | 6 | 6 |
| Japan | 1 | 1 |
| Norway | 4 | 7 |
| Holland | 6 | 14 |
| Roumania | 10 | 14 |
| Russia | 20 | 22 |
| Sweden | 1 | 1 |
| Switzerland | 12 | 26 |
| Total | 380 | 595 |

The progressive development of the association will be seen best from the figures for the revenue given in the following table :

Revenue of the International Co-operative Alliance.

| Working Years | Members' Contributions | Donations | Sale of Publications | Contributions from the Congresses | Miscellaneous Receipts | Total |
|---------------------|------------------------|-----------|----------------------|-----------------------------------|------------------------|--------|
| | Francs | Francs | Francs | Francs | Francs | Francs |
| 1896-97 | 9,790 | 4,078 | 654 | — | — | 14,522 |
| 1897-98 | 4,758 | 347 | 86 | — | — | 5,191 |
| 1898-99 | 7,953 | 203 | 280 | 1,403 | — | 9,840 |
| 1899-900 | 8,050 | 707 | 94 | — | — | 8,851 |
| 1900-01 | 5,489 | 272 | 67 | — | — | 5,828 |
| 1901-02 | 9,993 | 103 | 64 | 19 | 47 | 10,226 |
| 1902-03 | 8,256 | 820 | 910 | 69 | 111 | 10,166 |
| 1903-04 | 8,245 | 574 | 29 | 152 | 206 | 9,206 |
| 1904-05 | 9,009 | 765 | 186 | 2,291 | 71 | 12,322 |
| 1905-06 | 10,107 | 843 | 323 | — | 91 | 11,364 |
| 1906-07 | 11,845 | 919 | 944 | 8 | 329 | 14,045 |
| 1907-08 | 22,362 | 641 | 445 | 5,214 | 178 | 28,835 |
| 1908-09 | 19,514 | 445 | 1,056 | — | 131 | 21,146 |
| 1909 (1) | 18,613 | 79 | 991 | — | 874 | 20,557 |
| (1) For six months. | | | | | | |

The following data are specially interesting, as they show the preponderating importance of the co-operative distributive societies as compared with the other forms of co-operation and the tendency to a progressive decrease in individual members.

| Working Years | Contributions | | | |
|---------------|--|--|--|-------|
| | of Co-operative Distributive Societies | of Other Classes of Co-operative Societies | of Individual Members and Donors | Total |
| 1906-07 | 77.0 % | 15.0 % | 8.0 % | 100 |
| 1907-08 | 88.0 % | 8.0 % | 4.0 % | 100 |
| 1908-09 | 82.0 % | 15.7 % | 2.3 % | 100 |

§ 3. *Deliberations of the International Congresses
and Publications of the Society.*

The work of the association is manifested above all in two ways, by its International Co-operative Congresses and by its Publications.

We have given the history of the Congresses in outline above, limiting ourselves to the discussions bearing directly upon the character of the society. Here we shall only summarise the most important deliberations upon general questions and especially those of the more recent congresses.

Let us mention first of all that at every congress reports were presented by various delegates upon the condition and the progress of co-operation in the various countries. The congresses thus produced an interesting series of studies on co-operation, which contain observations often confirmed by the personal experience of the writers.

*
* *
*

We shall first mention the discussions on co-operation in general and then pass to the examination of the discussions on its special branches.

With regard to the jurisdiction of the co-operative societies, the Budapest Congress expressed the desire that it should be entrusted everywhere and for all classes of societies to a single authority like that of the *Registrar of Friendly Societies* in England and that a Union or Federation of the Societies themselves should be entrusted with the control and inspection of the co-operative societies.

The Hamburg Congress further desired the abrogation "of the restrictive laws limiting the liberty of the societies in various countries as well as of the fiscal charges which irritate the people and prevent the free development of co-operative distributive societies."

On two occasions the question of the participation of women in the co-operative movement came up for consideration. The Delft congress expressed its desire to see abolished the restrictions in the rules of certain societies, excluding women from the society or limiting their action; and the Cremona Congress declared that, in consideration of the excellent results obtained in England thanks to the women's co-operation, it thought a larger participation of women in the co-operative movement was also desirable for other countries.

With regard to co-operative propaganda, the Budapest Congress manifested the desire that the societies at the head of the movement should lend their assistance to those in which it is still little developed "so as to replace by the united forces of the whole world the State assistance which each of them may require". The International Alliance must facilitate this movement by the collection and frequent publication of data relating to the countries less advanced in the department of co-operation.

With regard to the various branches of co-operation, we repeat first of all that the Congresses have often occupied themselves with agricultural co-operation. The Delft Congress expressed the desire for the centralisation of all the branches of rural co-operation except only that of credit co-operation, which must in every case have a separate organization. According to the Congress, all the services for purchase of farm requisites and machinery, the provision of the articles of consumption required by the farmers and finally the sale of agricultural produce, must be centralised in a single co-operative organization.

The Manchester Congress had to pronounce on the work of co-operation with regard to home settlements. It considered "that co-operation was a specially efficacious means for settling of small cultivators on the land" and invited the societies possessed of sufficient means to invest them in such undertakings.

The Budapest Congress reaffirmed the great importance for farmers of co-operation and especially distributive co-operation; it exhorted all interested in co-operation to encourage the spread of it in the country "where it is not less urgently needed than among the town workmen."

The Congresses had also often to declare themselves upon the problem of cheap houses. The Manchester Congress observing that Co-operation offers the best means for providing the working classes with cheap houses, expressed the desire that all the co-operative societies should give their attention to the matter and that the savings of the working classes should be invested in loans to the co-operative societies for workmen's houses. The same subject was again discussed at the Hamburg Congress. According to its decision, the improvement of dwellings can only be obtained by means of co-operation, and in the realisation of this object not only the workmen's houses societies, but also the wholesale and distributive

co-operative societies, should assist, either building on their own account, or giving their support to co-operative workmen's houses societies.

Conformably with its international programme the Alliance attempted to create an understanding among the wholesale co-operative societies of various countries. The Cremona Congress in fact expressed the desire that the wholesale co-operative societies of every country should enter into relations with each other "in order to unify and to reinforce the co-operative movement of the whole world," and invited the societies themselves to proceed to the appointment of an International Commission entrusted "with the examination of the international question of wholesale purchase and the promotion of a common action among the wholesale co-operative societies in opposition to the proceedings of the trusts, detrimental to the consumers."

The consolidation of the national wholesale co-operative societies was desired by the same Congress, which exhorted all the co-operative societies of every country to address themselves to the existing wholesale co-operative warehouses or to promote their foundation so that they may really become centres of co-operative work and direct co-operative manufacture. For this end, in general, the co-existence of many wholesale co-operative societies in one country must be avoided, so that their centralising action may not be enfeebled.

With regard to the organization of co-operative credit, the Budapest Congress expressed the desire that in all countries in which it appeared necessary to establish a closer connection between the local co-operative banks, the foundation of central banks should be encouraged, adding that where the latter already existed, it was desirable that they should be consolidated by the accumulation of a capital of their own and by the employment of strictly commercial methods in all their transactions. The opinion was also expressed that the Central Banks might exert an action of the greatest importance in undertaking the control and inspection of the local banks, and it was finally desired that the co-operative societies should encourage their development by granting them preference in all their operations.

Finally the fact that the co-operative societies tend to employ labour on a continually larger scale led to the expression of the following desire on the part of the Hamburg Congress: it is the duty of the co-operative societies to grant their employees and workmen exemplary conditions in the matter of work and of remuneration, and to recognise their right of association, if necessary agreeing with the trade syndicates for the establishment of collective labour contracts.

*
* *

We shall here shortly deal with the publications of the association, the complete list of which will be found in the appendix together with precise bibliographical indications.

In 1898 the Association published a really remarkable essay on international co-operative statistics. The countries treated are Great Britain, Germany, Austria, Hungary, France, Italy, Belgium, Holland, Switzerland and Norway. In general the information refers to the year 1896. The scheme of grouping of the societies, if necessarily not identical in every respect for the various countries, yet readily admits of comparisons being made. To give an example of the information to be found in the work, we shall limit ourselves to the reproduction of the classification of the Co-operative Societies of Great Britain, indicating parenthetically the statistical information for each category. There are five groups of co-operative societies; each society is indicated separately in each group. Each of the establishments of the two wholesale co-operative societies of England and Scotland is likewise indicated separately.

The classification in groups is as follows: distributive societies (kind of produce sold, annual amount of sales, number of members, date of foundation); societies for production (kind of products manufactured, annual amount of sales, number of members and workmen, date of foundation); miscellaneous societies (same data as for the first category); wholesale co-operative societies (products manufactured in each establishment, total annual turnover, number of workmen); credit societies (annual turnover, number of members at date of foundation and at the end of 1896, date of foundation).

A more exact specification was made in the case of some countries; thus we find, for Germany, a special class for the co-operative building societies; for Austria, a class for dairies; for Italy, a class for the co-operative quarrymen's societies, whilst, on the other hand, in some countries, some classes do not appear.

The international co-operative bibliography is now a classic publication and up to the present unique of its kind. The general part (preface, titles, headings and tables of contents) is in three languages (French, English and German).

There are two classifications of the publications; the first, of the subjects, is arranged according to the countries the works refer to; the second gives the names of the authors in alphabetical order in the languages in which the volumes are published.

To give a better idea of the compass of the work we shall give the classification according to subjects.

It consists of the following groups ; history, biography and critical appreciations ; legislation ; co-operation generally (administration, central institutions, periodical publications) ; distributive co-operation, co-operation for production and labour ; credit co-operation ; insurance ; agricultural settlements and communities ; workmen's houses ; domestic and household co-operation ; co-operative education ; the woman in co-operation ; profit-sharing and co-partnership.

Each of these groups is subdivided according to the countries to which the works indicated refer, naturally reserving a first subdivision to works of a general character not limited to a single country.

The total number of works indicated (including articles and reviews) is 5,761. The most considerable group consists of works on co-operation in Germany (788 volumes) ; then follow Great Britain with 749 volumes, Italy with 739, France with 723, the works relating to general questions, 541 in number, etc.

With regard to the subjects treated, 1,412 works relate to co-operation in general, 1,100 to co-operative credit, 915 to agricultural co-operation, etc.

To complete the work, some years later the Alliance published an international index of the co-operative periodical press. It contains a list in which is entered the most important information with regard to each periodical (associations of which the reviews are the organs, frequency of publication, date of foundation, number of copies issued, etc.), and a series of statistical tables giving a summary of the position of the co-operative press in every country. The data refer only to the periodicals existing at the date of the publication of the index, that is to say, to 146 periodicals in all.

The Yearbook of the Association contains a detailed history of the Alliance by its secretary, Dr. Hans Müller, as well as chronological, statistical and bibliographical tables referring to the progress of co-operation in the various countries.

The Bulletin of the Alliance publishes in addition to the operations of the society also notes in relation to the development of the co-operative movement in the various States.

II. — The International Confederation of the Agricultural Co-operative Societies.

§ 1. *Development and Organization.*

The movement in favour of the foundation of an international confederation of agricultural co-operative societies, originated, as we have already mentioned, at the International Co-operative Congress held at Budapest in 1904, the sixth of the series of Congresses organized by the International Co-operative Alliance.

The agricultural co-operative societies which were in the minority on the question of State intervention in co-operation withdrew from the International Co-operative Alliance.

After their secession many proposals were made for the formation of an international federation exclusively for agricultural co-operative societies. This idea found expression at the German Co-operative Congress at Strassburg, and on many occasions was approved by persons of recognised competence.

The initiative in the movement was taken by the National Federation of German Agricultural Co-operative Societies (*Reichsverband der deutschen landwirtschaftlichen Genossenschaften*) at Darmstadt, which, through the medium of its general secretary, the Councillor of State, Haas, assembled a preparatory conference at Lucerne, on the 19th. April, 1906.

At this conference there were represented, in addition to the above German association, also the central organizations of the agricultural co-operative societies of Italy, Austria, and Switzerland, that is to say, the Italian Federation of the Agricultural Consortiums of Piacenza, the General Federation of the Austrian Agricultural Co-operative Societies of Vienna and a group of five federations of Swiss agricultural co-operative societies (1).

State Councillor Haas was president. After having briefly set forth the previous history of the subject, he reminded his audience that for the development of the agricultural co-operative movement, it was necessary to unite the agricultural federations of the various countries in one body, with the object of interchanging and communicating the experiences of each in practical co-operative organization and of contributing together to the extension of agricultural co-operation in the countries where it is still behindhand.

In concluding his speech, the President presented a detailed programme for the work of the association, a programme which we shall examine when dealing with the rules and internal organization of the society.

(1) That is to say : The Federation of Agricultural Co-operative Societies of East Switzerland at Winterthur (*Verband Ostschweizerischer landwirtschaftlicher Genossenschaften*); the Federation of the Agricultural Co-operative Societies of the Canton of Berne (*Verband landwirtschaftlicher Genossenschaften des Cantons Bern*); the Federation of the Agricultural Co-operative Societies of Central Switzerland at Sempach (*Verband landwirtschaftlicher Genossenschaften der Zentralschweiz*); the Federation of the Cantonal Union of Zurich at Winterthur (*Genossenschaftsverband des Zürcherischen landwirtschaftlichen Kantonalvereins*); the Co-operative Federation of the Canton of Thurgau (*Genossenschaftsverband des thurgauischen landwirtschaftlichen Vereins*). The Federation of the Society of S. Gall at Reineck (*Genossenschaftsverband der landwirtschaftlichen Gesellschaft des Kantons S. Gallen*) had adhered to the Conference but sent no representatives.

After a short statement of the condition of co-operation in the various countries, the delegates approved the formation of the Confederation, deciding that it should include only national federations of agricultural co-operative societies and thus excluding from the first both local societies and private members. The drafting of the Rules and the labours in preparation of the first Congress were entrusted to president Haas, with the collaboration of a commission composed of one representative for each of the four countries co-operating in the Federation.

The first Congress of the Confederation was held at Vienna, from the 22nd. to the 24th. May, 1907, on the occasion of the 8th. International Congress of Agriculture. Besides the delegates of the four countries that had taken the initiative in it, there were also present representatives of French, Roumanian and Hungarian co-operative societies. The Austrian Government was officially represented, and the Marquis Cappelli saluted the Congress in the name of the commission entrusted with the preparatory labours for the International Institute of Agriculture.

The second Congress of the Confederation was held at Piacenza, on the initiative of the Italian Federation of Agricultural Consortiums, on the 23rd. and 24th. September, 1908. In this Congress about 150 representatives of Federations of Agricultural Co-operative Societies of Italy, Germany, Austria, Russia, Switzerland, Servia and Hungary took part.

H. E. Signor Luzzatti, Minister of State, who was appointed Honorary President, was also the actual president. When the President of the Confederation, Haas, presented his report on the work of the association, he observed that, as it was still only at its start, it should occupy itself first of all, with settling questions of principle, since really practical collaboration among the associated federations could only be realised with time. After the discussion of the subjects we shall treat in the succeeding part of this article, the Congress closed, leaving it to the Board of Management of the Confederation to fix the place and date for the next Congress.

*
* *

Let us now briefly examine the internal organization of the Society as it appears in the reformed rules approved at the Piacenza Congress.

The general object of the Confederation is to represent and favour the interests of agricultural co-operation and, specially, to collect and publish data and information on the legislation and co-operative work of various countries and to encourage the development of the co-operative movement in countries in which it is as yet not far advanced.

In addition to these fundamental bases, the initial programme of the Confederation, approved at the Lucerne Meeting, enumerated in more

detailed manner a series of problems to the study of which the attention of the society must be more particularly devoted. Although this programme is not included in the rules, it seems to us advisable to summarise it, as it has, up to the present, provided the congress with matters for discussion.

It deals with the following subjects: organization of rural credit both real and personal; organisation of co-operative purchase and sale of farm requisites and agricultural produce. As to co-operation for production, the Confederation must study the organization of co-operative dairies, co-operative wine societies and co-operative societies for the sale of cattle. With respect to the three branches of agricultural co-operation, for production, sale and credit, it must consider the possibility of international operations or at least that of mutual assistance between the co-operative societies of various lands. The questions of the fiscal régime of the co-operative societies and co-operative insurance must also be studied.

Only the National Agricultural Co-operative Federations and the National Central Federations of the various countries are admitted as members of the League.

When, as in the case of Switzerland, for example, there are several central federations, they form one national section in the confederation, so that each country has a single representative.

The contributions of the members of the Confederation are regulated according to the voluntary system, each 100 marks contributed giving the right to one vote.

The management of the League is entrusted to a Board, on which each associated Federation has a representative appointed by it. The President and Vice-President of the League are elected from among the members of the Board and hold office for three years.

The official headquarters of the Confederation is the town in which the President in office resides and, consequently, is at present, Darmstadt.

*
*
*

At the end of the year 1910 ten Central Federations, of 33,000 co-operative societies adhered to the Confederation. They appear, in the following order, in the report of the Confederation:

- (1) The General Federation of Agricultural Co-operative Societies of Bulgaria (Sofia);
- (2) The National Federation of German Agricultural Co-operative Societies (Darmstadt);
- (3) The "Pellervo" Society for the Development of Agricultural Co-operation in Finland (Helsingfors);
- (4) The National Federation of Agricultural Co-operative Societies for Production and Sale (Paris);

invited each of the adherent federations to present a petition in this sense to the competent authority.

. Finally, the Piacenza Congress tabulated its desires with regard to an international system of Statistics of agricultural co-operation. It instructed the President of the International League to prepare such a system of statistics ; but since the conditions of the various countries are appreciably different, as also the legal forms the co-operative societies assume are different, the work should be limited for the moment to the information which in various countries presents itself under the same aspect or at least under similar aspects.

The Board of Management of the International League must also take the necessary steps for the establishment of a system of statistics of agricultural co-operative business, limiting it likewise to those facts that can be represented in statistical tables and permit of comparison between different nations.

Appendix.

List of the Publications of the International Co-operative Alliance.

a) Works of the Congress :

- Report of the First International Co-operative Congress London, 1895. 432 pp. (Published in English).
- Report of the 2nd. International Co-operative Congress. Paris, 1896. (Published in English).
- Report of the 3rd. International Co-operative Congress. Delft, 1897. 229 p. (Published in French).
- Report of the 4th. International Co-operative Congress, London, 1900. 203 pp. (Published in French).
- Report of the 5th. International Co-operative Congress, London, 1902. XII. 445 p.. (Published in French and English).
- Report of the 6th. International Co-operative Congress, London 1905. 7-11 pp. (Published in French, English and German).
- Report of the 7th. International Co-operative Congress, London, 1908. 181 pp. (Published in French, English and German).
- Report of the 8th. International Co-operative Congress, London, 1911. XXXII. 234 pp. (Published in French, English and German).

b) Annual Reports :

- XIIIth. Annual Report of the I. C. A. London, 1908 (Published in French, English and German).
- XIVth. Annual Report of the I. C. A. London, 1909. 40 pp. (Published in French, English and German).
- XVth. Annual Report of the I. C. A. London, 1910. 18 pp. (Published in French, English and German).

c) Bibliographical, Statistical and Miscellaneous Publications :

- Statistics of the Co-operative Societies in Various Countries. London 1898, I. C. A. 330 pp. (Text and Headings of the Tables in French, English and German).
- International Co-operative Bibliography. London. 1906. I. C. A. XXXI. 276 pp. (Text and Titles in French, English and German).
- International Directory of the Co-operative Press. Paris, 1909. I. C. A. 52 pp. (Published in French, English and German).
- First Yearbook of International Co-operation. London, 1910. I. C. A. 253 pp. (Published in French, English and German).
- International Co-operative Bulletin. Organ of the I. C. A. (Monthly. — Published in French, English and German).

List of the Publications of the International Confederation
of Agricultural Co-operative Societies.

- 1) Protokoll über die am 19 und 20 April 1906 zu Luzern stattgehabte Konferenz landwirtschaftlicher Genossenschaftsverbände Deutschlands, Italiens, Österreichs und der Schweiz (*Minutes of the Conference held at Lucerne on the 19th and 20th April, 1906; by the Federations of Agricultural Co-operative Societies of Germany, Italy, Austria and Switzerland*). Neuwied. 37 pp.
- 2) Satzung des Internationalen Bundes der landwirtschaftlichen Genossenschaften (*Rules of the International Federation of Co-operative Agricultural Societies*). Darmstadt, 1907, 22 pp. (In German, Italian and French).
- 3) Vorläufige Nachrichten über die Verhandlungen des ersten Internationalen Bundestages der landwirtschaftlichen Genossenschaften zu Wien am 22 und 24 Mai 1907 (*Summarised Report of the Discussions of the 1st International Congress of Agricultural Co-operative Societies held in Vienna, 23rd and 24th May, 1907*). Darmstadt. 1907.
- 4) Bericht über die Verhandlungen des Ersten Internationalen Bundestages der landwirtschaftlichen Genossenschaften zu Wien am 22 und 24 Mai 1907 (*Report of the Discussions of the 1st International Congress of Agricultural Co-operative Societies held in Vienna on the 22nd and 24th May, 1907*). Darmstadt, 1907. 210 pp.
- 5) Jahresbericht des Internationalen Bundes der landwirtschaftlichen Genossenschaften für 1907-1908 erstattet an den Zweiten Internationalen Bundestag zu Piacenza am 23 und 24 September 1908 (*Annual Report of the International Federation of Agricultural Co-operative Societies for 1907-1908: presented at the 2nd International Congress held at Piacenza on the 23rd and 24th September, 1908*) Darmstadt. 8 pp.
- 6) Satzung des Internationalen Bundes der landwirtschaftlichen Genossenschaften (*Rules of the International Federation of Agricultural Co-operative Societies*) Darmstadt, 1909. 22 pp. (In German, Italian and French).
- 7) Geschäftsbericht des Internationalen Bundes der landwirtschaftlichen Genossenschaften für die Zeit vom 1. September 1908 bis 1. September 1910 (*Report on the Work of the International Federation of the Agricultural Co-operative Societies for the Period, 1st September, 1908-1st September, 1910*). Darmstadt. 1910. 74 pp.

CO-OPERATION AND ASSOCIATION

AUSTRIA.

CURRENT QUESTIONS.

The New Bills on Co-operative Societies in Austria.

In the beginning of November, 1911, the Government laid three bills on Co-operative Societies before the Chamber of Deputies. On account of their importance we shall examine each of them in detail. They represent the result of long study and are the fruit of experience acquired in the course of many years, so that it will be useful for those interested in co-operation to learn their contents.

The bill of widest scope is *for a general law on co-operative societies*; the second concerns the foundation of a *general credit institute for the co-operative societies*; the third establishes *special fiscal measures in favour of co-operative societies*.

In the following pages and in the following numbers of our Bulletin we shall give their general outlines and most important provisions as they appear in the legislative acts (preparatory studies, draft laws, reports).

PART I.

Bill for a General New Law on Co-operative Societies.

Sources:

Gesetz vom über Erwerbs- und Wirtschaftsgenossenschaften 823 der Beilagen zu den stenog. Protokollen des Abgeordnetenhauses - XXI Session 1911. — Regierungsvorlage. — (*Law of on Co-operative Societies. Appendix 823 to the shorthand minutes of the Chamber of Deputies. Session XXI. 1911. Government Proposal.*)

§ 1. *Statistical Bases of the Bill.*

At the date of the promulgation of the law of 9th. April, 1873 on co-operative societies now in force, co-operation was still in its infancy. But since then it has advanced continuously, beyond all expectation, and to-day the most numerous classes of the population all share in the co-operative movement.

Between 1872 and 1909 the number of co-operative societies increased from 1,555 to 15,225, that is to say, tenfold; the credit co-operative societies which in 1872 were 943 multiplied progressively up to 1888 when they were 1,363. They then increased rapidly, thanks to the introduction of the Raiffeisen system, so that in 1906 there were 7,886 and in 1909, 10,159 (1).

On the other hand, the co-operative distributive societies decreased in number in the course of the years following the coming into force of the law: from 540 in 1872 they fell to 222 in 1883, to increase in number again up to 1,285 in 1909.

The co-operative societies of miscellaneous character of which the principal group is composed of strictly agricultural co-operative societies (that is to say, co-operative societies for production, purchase and sale, formed by farmers) also developed rapidly: there were 101 in 1880, 226 in 1890, 561 in 1895, and 3,811 in 1909.

It thus appears from these data that since 1872 the co-operative credit societies have increased 900 %, the co-operative distributive societies 200 % and the others 520 %.

*
* *

If we consider the co-operative societies with respect to their form of liability, we find that up to 1876 unlimited liability societies predominated; between 1877 and 1900, limited liability societies were more numerous, and after 1900 they again became inferior in number to the first. At the end of 1909 there were 7,303 limited liability societies and 7,858 unlimited.

The co-operative credit societies especially take the unlimited form; of these there were in 1909 7,678, the others being 2,420. 7,114 of the former were Raiffeisen and 564 Schulze-Delitzsch societies.

(1) A slight difference will be observed between these figures and some of the following and the data of the "Statistisches Jahrbuch", because in our figures also unregistered co-operative societies are included.

The distributive co-operative societies are generally of limited liability (1,211 against 49) ; among other classes of societies (production, purchase and sale, and building) in 1909 there were 3,672 with unlimited and 131 with limited liability (proportion 28 : 1).

Let us now examine the development of the chief classes of co-operative societies with reference to the number of their members and their total business.

In 1878, at the date of the last return there were 299,867 members of *co-operative credit societies*, which gives 1 member per 77 inhabitants ; in 1909, the number of members was 2,263,436 and the proportion was then 1 member to 12 inhabitants.

In the period of 30 years the number of the population engaged in co-operation has increased in the proportion of from 1 to 6. The average number of members per society is 265, more exactly 126 in the Raiffeisen Banks and 636 in the Schultze-Delitzsch banks.

The increase of business has been still more remarkable : in 1878 the total outgoings and incomings amounted to 282 million crowns ; in 1908 to 2,828 millions, that is 10 times as much.

Striking an average we get an amount of 13 crowns per inhabitant in 1878, and 100 crowns per inhabitant in 1908.

The *co-operative distributive societies* had 26,421 members in 1878 and 410,351 in 1908, so that their number has increased fifteen fold during the period. But their total business has increased 1,000 % ; in fact, in 1883 the co-operative distributive societies had sold goods for 11½ million crowns and in 1908 they sold goods for 124 million crowns.

The *other co-operative societies* in 1908 were 3,355, divided as follows : 2,319 agricultural co-operative societies, 603 co-operative societies of small *industrials* ; 180 co-operative societies of *industrials*, and merchants, as well as societies for the generation of electric energy ; 173 building societies, and 80 miscellaneous societies. The data we possess are rather incomplete, for with regard to 786 societies we have none. The remaining 2,569 in 1908 had 282,813 members, with 45.05 millions of crowns in shares (*parts*). The outgoings and incomings amounted together to 203 million crowns.

*
* *

Summarising the general data, we find that in 1908 there were 13,809 registered co-operative societies. We possess information with regard to 12,063, and they had 2,956,630 members, averaging 245 per society. So that we may calculate the total number of members of the 13,809 societies at 3,584,000, representing an eighth of the population.

The total paid up shares (*parts*) amounted to 220 million crowns, the outgoings and incomings to 3,974 million crowns.

*
*
*

This short account shows the great progress made by the co-operative movement.

The credit co-operative societies, with which agriculture will not be able to dispense in the future, are far the most important. On their side the small manufacturers and small dealers would no longer be able to do without the help of these co-operative societies which are continually extending their sphere of action.

It has been proved that co-operative organization rests on a firm foundation and that it constitutes an important factor in the welfare of a large part of the population.

It has of course experienced some reverses : in the space of 36 years, 3,660 societies have been dissolved out of a total number of 15,953 founded ; the cause was, in 249 cases, bankruptcy and in 2,805 cases voluntary dissolution.

§ 2. *Proposals of Reform.*

It is evident that a law of about 40 years ago, when co-operation was still in its infancy, no longer corresponds to present conditions.

However, experience has shown its merits and weak points and has suggested reforms to bring it into conformity with the new conditions.

The first attempts at reform date from 1888 and were repeated in the following years : sometimes the proposals were made by the Diets and sometimes by the Parliament. An important advance was not made till the law of 10th. June, 1893, on inspection, which regulated the inspection of the co-operative societies and made it compulsory. But the Government has been long occupied in the preparation of a general reform of the law on co-operative societies. With this object, after an elaborate study by the Ministerial Department of Justice, it laid before Parliament, on the 1st. June, 1897, such a bill, which was later abandoned on the close of the Parliamentary session, but excited keen discussion, in which the various tendencies appeared.,

Other proposals of Parliamentary initiative had been presented, but had had no success : finally came the abovementioned law on inspection, filling some important gaps, but leaving a general reform still necessary.

Some years later the Government prepared a new bill which was amply discussed in a conference of experts and representatives of the co-operative organizations assembled by the Ministerial Department of Justice. The bill was besides submitted to the Chambers of commerce for their examination and opinion.

In this way precious material was collected, the fruit of long experience and an epitome of the knowledge of the persons most competent in the

matter. In this way, appreciable changes were introduced into the former scheme, which has been recently rehandled and laid before Parliament in its present form.

§ 3. *Fundamental Basis of the Reform.*

The present bill is chiefly a codification of all the legislative provisions of general character relating to co-operative organization. The various provisions have been harmonized so as to form an organic whole; those recognised as incomplete amplified and rendered more precise, and new ones added.

But the fundamental basis of the whole reform is the substitution of *unlimited obligation of payment of calls* (*Unbeschränkte Nachschusspflicht*) for joint and several unlimited liability. The law of 1873, as will be remembered, admits of two forms of liability, limited, and joint and several unlimited, liability.

The principle of limited liability is evident: for each member it is determined from the first precisely what financial obligations he is to assume: he is liable for these and for nothing else. Unlimited joint and several liability, on the contrary, engages the whole estate of the individual and sometimes leads to disastrous results.

In fact when an unlimited liability co-operative society fails, the creditors, after the due formalities, may address themselves, for the recovery of their unpaid debts to any individual member and bring legal action against him to obtain sequestration. So that it may happen that the bankruptcy causes some members a trifling financial loss while it may occasion the complete economic ruin of others.

However the evil would not be so serious if at least the creditor's rights were efficiently protected. On the contrary the present system while exposing the members to possible serious peril in the case of bankruptcy is no more favourable to the creditors. Each creditor addresses himself to a special member from whom he claims payment of the amount still due; however, the long and expensive legal action does not always lead to the desired result; so that a creditor risks being obliged to renew the process against several members in succession, thus losing his time and his money.

Joint and several unlimited liability then presents very serious drawbacks, both for the members and the creditors. In adopting it the law acted on the principle that it afforded the creditors of the co-operative society the desired *maximum* guarantee, but facts have shown that this is not the case.

The rather, as in consideration of the panic and confusion produced by the failure of an unlimited liability co-operative society, the members

resort to extreme measures to prolong its existence, thus always aggravating the situation. Consequently, it is undeniable that the creditors in general will have better security when the present system is replaced by a rigorous, well arranged procedure, ensuring the fulfilment of the engagements of the society with the least loss to the individuals and the least possible confusion. With this intention the bill abolishes joint and several unlimited liability replacing it by unlimited obligation of calls (*unbeschränkte Nachschusspflicht*).

This system eliminates the direct liability of members to each creditor ; so that the creditor may not bring any action against such or such a member.

In case of bankruptcy, creditors must make good their claims against the society ; the members are liable for the portion due as a body, without being so individually ; each of them must contribute to the deficit in the proportion fixed by the assessment proceedings.

Of course the calls must be paid without any limit of the amount until all the creditors of the society are fully paid, or till the property of all the members is exhausted.

The system of *unbeschränkte Nachschusspflicht*, then, eliminates all direct relations between creditors and members ; the latter are liable to the society and the society to the creditors.

For the better protection of the creditors' rights the bill more rigorously regulates the assessment proceedings so that when a co-operative society fails, the members are classified ; and immediately afterwards the assessment is proceeded with, that is, the proportional amount due from each is fixed.

As is natural, the proposed change in the liability has met with adversaries. It was objected that the system of *unbeschränkte Nachschusspflicht* had not been well recieved in Germany where it is little resorted to. But it may be observed that the German law admits this system together with that of joint and several unlimited liability which, at the date of the promulgation of the law was already firmly established and had taken its place among the habits of the population. So it may be affirmed that if the other form is not much in use, this is rather due to force of habit, which is slow to abandon customary methods. And to this has also contributed the desire of faithfully following the principles of the teaching of the first apostles of co-operation, who always recommended co-operative association on the basis of joint and several unlimited liability.

To sum up, *unbeschränkte Nachschusspflicht* consists in the obligation of each member to contribute without limit together with the other members to fulfil the engagements entered into by the society with third parties. (1)

(1) In the text of the bill we always find the expression unlimited liability to signify *unbeschränkte Nachschusspflicht*. Naturally, then, in the bill the expression has a very different sense to that it has in the 1873 law.

The new bill completes the provisions with regard to limited liability co-operative societies by bringing them into agreement with the new provisions for winding up bankrupt co-operative societies.

§ 4. *Elements and Characteristics of the Co-operative Society.*

The present bill reproduces from the law in force the definition of a *co-operative society* as "Any association with an unlimited number of members the object of which is to increase the profits or the economic action of each member by means of the exercise of a business in common." (Die Bestimmungen dieses Gesetzes haben Anwendung zu finden auf jeden Verein von nicht geschlossener Mitgliederzahl der die Förderung des Erwerbs oder der Wirtschaft seiner Mitglieder mittels gemeinschaftlichen Geschäftsbetriebes bezweckt (Erwerbs- und Wirtschaftsgenossenschaften).

The condition : the *exercise of a business in common* means that under the co-operative form, in the sense of the law associations, may only be founded for the development of the economic action of each member or to allow of their realising economic profits through *direct participation* in the work of the business of the society. It is the personal element then which prevails in a co-operative society. For a co-operative society to be in accord with the law it is not enough for it to be an association of a few individuals associated for business purposes with the object of afterwards sharing the profits. It is not enough even that some persons should put their capital together in order to start a business, even if this implies mutual sharing of the profits and losses. The essential characteristic of a co-operative society is the "active, direct participation of the members in the work of the society," that is to say, the economic profit must come from the collaboration of the members in the common business and not, for example, from the collective investment of capital in a business foreign to the personal work of the members. Thus, the co-operative principle rejects the idea of capitalistic enterprise, and in it the personal element predominates.

Let us observe that while the law of 1873 made of the co-operative credit societies a class apart, the present bill makes no distinction, considering that the credit operations form a co-operative action, not substantially different from others, but one of the forms of action of a collective enterprise.

In contradistinction to the German law which permits of a co-operative society being registered either as such or as a society in the sense of commercial law, the Austrian bill provides that all economic associations possessing co-operative characters must be constituted under the co-operative form and conform to the provisions of the law on co-operative societies.

Art. 1., after having given the definition, classes as co-operative societies especially the loan and credit associations, loan and savings banks, co-operative sale societies and warehouses, co-operative distributive societies, those for production, building, collective purchase and sale to members or collective utilisation of agricultural or industrial implements and machines (§ 1,2, Erwerbs- und Wirtschaftsgenossenschaften sind bei Vorhandensein den angeführten Voraussetzungen (§ 1, 1) insbesondere die Kredit- und Vorschussvereine, Spar- und Darlehenskassen, die Bezugs-genossenschaften und Rohstoffvereine, die Absatzgenossenschaften und Magazinsvereine, die Produktivgenossenschaften, die Konsumvereine, die Baugenossenschaften und die Vereine zur Beschaffung und kaufs- oder leihweisen Ueberlassung von Gegenständen des landwirtschaftlichen oder gewerblichen Betriebes).

It must be added that this enumeration is given by way of example.

*
* *

For a co-operative society to have civil personality it is necessary :

(a) that the contract by which the members establish their association as a co-operative society (rules) be completed ;

(b) that the rules be registered in the competent court.

The intervention or approbation of the authorities is not required any more than by the law in force ; in this respect, there is the most complete independence. The power of the judicial authority is very limited, because it belongs to it to examine only if the co-operative contract (the rules) is in conformity with the law, and if they are to proceed to register.

After this, the society exists as an independent civil personality; before the registration the persons acting in the name of the society are jointly and severally liable with respect to non-members. It must be mentioned that the appointment of the board of management and the board of supervision must precede the registration ; this innovation was introduced because the co-operative society must possess executive bodies that can act validly as soon as it exists legally. If such appointment took place after the registration, there would for some time be a legal body incapable of acting.

The co-operative contract or rules must be signed by the persons who have founded the society or who have begun to form part of it before registration. The declaration by which a person becomes a member must be accompanied by the indication of the number of shares (*parts*) he intends to take. The rules must be signed as above as a substitute for the declaration each member admitted to a share in the society after registration is bound to make. A member so admitted must present a similar application to the president proving his identity and specifying the number

of shares he desires to acquire ; in the case of a society founded on the basis of the unlimited obligation of calls (*unbeschränkte Nachschusspflicht*), whoever desires to join after registration must also add explicitly, under pain of nullity, that he engages to pay an unlimited amount to the society, in case of need. In the same way, in the limited liability co-operative societies, the application must contain the explicit declaration that the member binds himself to pay up to the limit of his liability as laid down in the rules. Membership begins the moment the application is accepted.

The bill settles an important matter, as to which for years the most contradictory opinions have been expressed, it admits explicitly that even civil persons may be members of a co-operative society. Indeed the law of 10th. June, 1903 had indirectly recognised the principle. By accepting the contrary thesis, the law would have disavowed the magnificent advance made by the federal movement, the union of co-operative societies in central societies, federations and central banks. It was said that the association of co-operative societies in central co-operative societies and provincial federations, etc., leads to a confusion of liabilities ; but such an objection loses all value when for the system of joint and several unlimited liability is substituted the proposed *unbeschränkte Nachschusspflicht*.

§ 5. Rules of the Co-operative Societies.

The rules which must be in writing (or printed) are the basis of the society. They should at least contain the following details : (1) the title and headquarters of the society ; (2) the object of the business of the society ; (3) the amount of each share (*pari*) and the mode of payment ; (4) the constitution of a reserve fund to meet eventual losses, the mode of formation of this fund as well as the portion of the net profits to be put to this reserve fund, etc ; (5) the form of liability and in case of limited liability co-operative societies the amount guaranteed by each share (6) the mode of calling the general meeting and of forming the board of management ; (7) the system in accordance with which the notices of the society must be published.

There is little to observe with regard to these rules, which are compulsory.

The title must be explicit, not ambiguous, and must correspond really with the object of the work of the society ; it must always be followed by the expression : unlimited liability co-operative society (1) or limited liability co-operative society, in full. Expressions open to misconception are not allowed : for example, the expression savings bank (*Sparkasse*), because some might imagine it an institution under State Control, like the State Savings Banks ; on the other hand, the title " Loan and Savings

Bank" (Spar- und Darlehenskasse) is permitted, as it lends itself to no misunderstanding. The bill, however, in no case makes detailed provision leaving to jurisprudence the task of deciding in each case.

Speaking of the object of the business, the bill employs the expression "Gegenstand des Geschäftsbetriebes" and not "Gegenstand des Unternehmens," as in the law in force, to show once more that between the action of the society as a civil personality and that of the members taken individually there should exist a relation of immediate collaboration, the principle of capitalist undertakings (Unternehmen) being foreign to that of the co-operative society. In connection with the reserve fund there is an innovation, partly inspired by the similar provisions of the German law (§ 7. paragraph 4); every co-operative society is bound to provide for the formation of a reserve fund and this obligation must be laid down in the rules.

The minimum number of members required to form a co-operative society has been fixed at seven. This number may be less in the other forms of economic association since the capitalist element preponderates in them, but not in the co-operative societies. It cannot be doubted that the great majority of the latter could not subsist with the participation of this minimum of members. On the other hand there are other co-operative societies, as, for example, those for production, which, as experience proves, give better results, when the number of their members is limited. That is why in imitation of the German and Swiss legislation, this new provision fixing a minimum of seven persons has been introduced into the bill.

* *

The shares must each have the same value. The law of 1873 leaves their amount to be determined in the rules (§ 5. paragraph 5). Yet the intention of this provision was that there was to be no inequality in the shares. On the contrary it has happened that, in several provinces, many co-operative societies have been registered the rules of which provide for shares of varying amount, that is multiples of a principal share. Consequently, the law does not attain the end of letting third parties know the financial basis of the co-operative society by its provision in § 14 that the number of shares belonging to each member must be indicated, as soon as they are not of equal value.

It has been decided to remedy this defect in the bill.

The 1873 law contains no provisions as to payment on shares: it does not say whether the shares are to be paid up immediately, or in instalments and within what period. Now this is not a satisfactory situation. When a person becomes a member of a co-operative society he must have a clear

idea of the financial obligations he assumes and the importance of the act he accomplishes. Therefore the bill lays it down that each member must immediately pay up at least 1/10 of his share and at the same time fix the period within which the other payments shall be made. It has been said that a tenth part is too small a fraction, but the bill has fixed this small limit in consideration of the fact that most of the persons participating in the co-operative movement belong to the poorer classes. If the immediate payment exacted were too high, the result would be that the amount of the share would be reduced so as to reduce the amount to be paid immediately. It is evident that such a condition of things would damage the interests of the co-operative society the financial basis of which would be weakened.

In addition to the foregoing, the rules must stipulate : (1) the period for which the society is formed ; (2) if it intends to extend its action to non-members within the limits fixed by the law (see § 7.) ; (3) the conditions for membership ; (4) that no member may acquire a number of shares above that fixed by the rules ; (5) that members may not resign before a certain period has elapsed (not longer than three years) ; (6) that they undertake to pay up additional contributions on their shares, in case those made are insufficient to cover losses incurred ; (7) that they undertake to provide the societies periodically with a certain quantity of produce in kind, in case the society is one the working of which is based upon such a condition.

These provisions are not indispensable for the rules of every society as are those previously mentioned, yet the bill, in consideration of their importance, lays it down that they must be especially inserted in the rules when they are obligatory.

Let us examine the principal provisions. That on the relations between the co-operative society and non-members implicitly admits that these may in some sort participate in the co-operative work.

Now, the co-operative principle in its strict sense would exact the exclusion of any intervention and any participation of non-members. Whoever desires to enjoy the advantages afforded by co-operative association has open to him the simple method of becoming a member.

The bill even departs substantially from the principle that only members should have an active part and therefore has established, as we shall see, that credit and distributive co-operative societies must, on principle, exclude non-members from their sphere of action as these are not admitted to a share in the profits. Yet the law, with the consent of the majority of competent persons declares that it is sometimes advisable to have the collaboration of persons who although not members are encouragers of the co-operative idea. It has been observed that, for example, the co-operative societies for production, co-operative warehouses, and co-operative sale

and purchase societies, might find it difficult to do without the contributions of non-members.

Of course the relations of the society with these latter must be subordinated to its relations with its members, otherwise it would not answer its purpose. A co-operative society declaring that its end was to develop its business relations principally with non-members, while reserving for its members participation in the profits, would be a capitalistic enterprise and not a co-operative society in conformity with the law.

But the extension of business to non-members ought to be the exception and not the rule, and, precisely for that reason, mention should be made in the rules when it is contemplated.

This does not mean that a co-operative society which has not inserted such a clause in its rules is absolutely unable to enter into business relations with outsiders. First of all, in case of need, when some serious economic evil has to be avoided, the prohibition ceases. Then, there is a large field of secondary business in which any co-operative society may deal with non-members, unrestrictedly. It has been mentioned that credit and distributive co-operative societies may not extend their field of action to include non-members. That is right: but if this means that a Raiffeisen bank cannot, for example, grant loans to non-members, that does not prevent it from accepting savings deposits from anybody or rediscounting bills of exchange for a bank or contracting a loan in order to obtain the means for meeting its engagements. It is clear again that a co-operative distributive society must sell goods to its members alone, but it is very natural that it should make its purchases from outsiders even, if need be, from over sea producers. These are secondary kinds of business serving as *means* to attain the *end*, which is to produce cheap credit and goods respectively for its members.

*
*
*

According to the 1873 law, a co-operative society, until it is being wound up or has failed, may not exact supplementary payments for the reintegration of the value of shares depreciated in consequence of losses incurred. But as this procedure may sometimes be advantageous and even serve to ward off disaster, the bill permits that the rules contain a clause by which the members oblige themselves to reintegrate their shares in case of losses, by paying up a sum that may amount to three times the value of the shares possessed.

A notable innovation in the bill is the provision enforcing the explicit statement in the rules of the, character, amount, conditions, etc., of the eventual contributions in kind that the members must furnish to the society. The continually increasing progress of co-operation has given rise to

a large number of co-operative societies the existence and prosperity of which demand from their members the periodical and regular contribution of a certain quantity of produce to be treated or sold. Already the members of many co-operative dairies, for example, habitually assume the obligation of supplying every day a certain quantity of milk in proportion to the head of cattle they possess. The scrupulous observance of this obligation is of vital importance for the society ; in fact it has been remarked that the cause of the ruin of many co-operative dairies has been precisely that the members did not furnish the milk regularly.

The rules must at the same time prescribe the mode of payment of the members for the produce supplied ; they may also fix the penalties in case of non fulfilment of the obligation of periodical contributions.

§ 6. *The Executive Bodies of the Co-operative Society.*

The executive bodies of the co-operative society are : 1st. the Board of Management ; 2nd. the Council of Supervision ; 3rd. the General Meeting.

With regard to these the provisions of the law are purely formal ; consequently we shall only mention those points that offer special interest.

Let us first of all note that it is laid down in the bill that the Board of Management shall be composed of at least two persons ; the agreement of at least two persons is always necessary for the valid expression of the will of a civil person. The Members of the Board of Management must be chosen from among the members of the society ; but, as civil persons may form a co-operative society or part thereof, membership is not exacted in the case of members of the Board of Management. It is enough that the person to be elected be capable, alone or with others, of expressing the will of one of the civil persons associated in the society. This new provision has been introduced into the bill as an escape from the subterfuge as present resorted to on account of the inadequacy of the law ; certain individuals are received as members in the Federations, central banks and central co-operative societies, so that they may be entitled by the law in force to be members of the Presidential Board.

The bill provides that the term of office of the Board of Management shall be three years ; yet this period may be prolonged by the rules to a maximum of 5 years or reduced to any minimum. But it is recommended rather to keep to the legislative provision.

The members of the Board may be dismissed at any moment ; they are jointly and severally liable to the co-operative society for the fulfilment of the duties of their office, which they must discharge with the zeal and attention of ordinary business men.

*
*
*

In contrast with the law in force, according to which the Council of Supervision is optional, the bill lays down that every co-operative society must have one. It must consist of at least three persons capable of acting.

The minimum of three persons has been fixed in contradistinction to that of two, fixed for the board of management, so as to give the deliberations of the board of supervision the weight and authority they deserve.

A provision that deserves special attention is that in § 24 of the bill to the effect that the minority has a right to one representative on the council of supervision. This provision is an innovation introduced for the first time into the law on societies limited by shares (Aktienregulativ, § 37, 5 and 6). When the general meeting of a co-operative society is called for the election of three members or more for the council of supervision, a third of the voters represented may demand that the election of each member take place separately; then two members are elected; and the candidate who has received at least a third of the votes in the two preceding elections is considered to be elected as third member.

It is the duty of the council of supervision to control the work of the Board of Management. Their functions are distinct and parallel, never coming into contact. So that the first can never co-operate or deliberate with the second; but has only to control the management of the business, and inquire into the receipts and expenditure, etc.

By an important innovation, § 26, 2, the Council of Supervision may subdivide its sphere of action so that each member or group of members has a given department of the management under its own control. In this way the supervision is more efficacious and more accurate.

In spite of such division of functions the council of supervision is naturally alone responsible to the society.

The executive body of the co-operative society is the general meeting, to which it belongs to

(a) deal with the balance sheet, the division of profits and the responsibility of the Board of Management and the Council of Supervision;

(b) fix the amount of the loans the society may contract and of the deposits it may receive;

(c) fix the limits within which credit may be granted to the members.

The provision authorizing the meeting to determine on the maximum of loans to be contracted is new; it has been decided, after the example of the German banks, to limit the power of the Board of Management to undertake engagements.

In unlimited liability *unbeschränkte Nachschusspflicht* societies every member has a right to one vote, in limited liability societies the bill admits

plural voting. In this way a violently controverted question has received its solution.

In fact, the co-operative principle, strictly considered, requires that every member should have one vote. Co-operative societies differ from societies limited by shares and other capitalistic associations, as the personality of their members is of the first importance; hence the members should all be considered equal. But if this is entirely true for unlimited liability co-operative societies, in which all members without distinction are liable to the whole extent of their property, while the participation of each in the formation of the capital is of secondary importance, for limited liability co-operative societies it is not so. In them the acquisition of additional shares involves not only an increased contribution to the formation of the capital of the society but also increased liability, corresponding with the liability attaching by the rules to each share. Now it seems unjust that the influence of the individual on the management of the business should not be in proportion to the risk to which he is exposed. If it were, many would abstain from taking more than one share. Again, to allow but one vote in the limited liability co-operative societies would be to go against tradition and against established usage which has given good results. Therefore the present bill, differing from the German law (§ 42,2) and the bill presented in 1897, admits plural voting in the limited liability co-operative societies. The rules may provide that the holder of several shares may have a vote per share or per group of shares; all the same no member may have more than 10 votes.

* * *

The general meeting instead of consisting of the members themselves may consist of their delegates. In many co-operative societies, especially distributive societies, in the large cities, the number of members is so great that it would be impossible to hold a general meeting which all or the greater number of the members might attend. Therefore the bill permits that those co-operative societies that have more than a thousand members may provide in their rules for the holding of a meeting of delegates instead of the general meeting. In this way every member is given the possibility of at least indirectly exerting his influence on the course of the business of the society by electing as delegate a person representing his tendencies, and his ideas. The delegates are elected in special meetings of the members, who are divided for the purpose into local groups, each of which holds a separate meeting for the election of its delegates to the general meeting.

§ 7. *Inspection.*

There has long been a general conviction that the means of internal control at the disposal of the societies are insufficient and do not answer their purpose. It has been found that the council of Supervision — itself optional under the law in force — cannot as a rule exercise efficient and thorough control, because often the persons forming part have neither themselves the necessary technical capacity nor a sufficient knowledge of the provisions of the law. As State intervention was to be excluded *a priori* in the matter of co-operative organization, so it was attempted to improve the position by the constitution of inspection federations. Groups of co-operative societies united in a federation entrusting to it the task of arranging for periodical inspection of the affiliated societies by special inspectors. So the law of 10th. June, 1903, regulating this matter, only sanctioned the state of things that necessity and custom had established. The bill almost entirely incorporates the provisions of the inspection law which we shall here summarise.

Every co-operative organization must be, at least once every two years, subjected to the inspection of a competent inspector, unconnected with the society itself. When deficiencies or defects are revealed at the inspection, the next inspection must take place within the year.

The inspection must include the examination of the co-operative action in all its manifestations; it must not be limited to the accounts, bookkeeping, etc., the inspector must inspect the business in all its departments to see if the work of the institution, both as a whole and in every part, corresponds with the purposes for which it was instituted. His task is to satisfy himself that the legislative provisions and those of the society's rules have been observed, and whether the conduct of the business gives guarantee for the future prosperity of the society.

The object of the inspection is not only to control the co-operative action, but also to indicate the best means for its development. This is why the inspector, who must be competent and experienced in co-operative business, has, as his mission, not only to check the accounts, but also to call the attention of the executive bodies of the co-operative societies to their duties, to indicate the means for remedying defects discovered to give advice, instruction, etc.

*
* *

We have said that biennial inspection is obligatory for every co-operative organization; there are therefore subject to it, in addition to the co-operative societies (of the first degree), the Federations themselves, the central banks,

the central co-operative societies of co-operative form, but not those constituted as associations under the law of 15th. November, 1867.

Now what body is authorized to exercise control over the co-operative institutions? That is, who is to appoint the inspector?

We must distinguish 4 cases : a co-operative institution :

(1) is affiliated to a superior organization and in that case the latter is competent ;

(2) or it is not affiliated to any organization but receives subsidies or loans from the provincial administration and then the body competent to inspect it is the Provincial Commission (*Landesausschuss*) ;

(3) or the co-operative society is connected with a co-operative organization and also receives subsidies or loans from the provincial administration and then both bodies 1 and 2 are competent (but one or other may decline).

(4) in other cases the court in which the society is registered is competent.

The bill allows a co-operative society to insert in its rules that the body competent to inspect it is the Provincial Commission ; in that case, this body is authorized to appoint the inspector if it wishes to avail itself of the right.

It is evident that the most frequent case is that a co-operative society is inspected by the immediately superior organization to which it is affiliated ; such organization by the competent Provincial Federation, and the Provincial Federation by the General Federation. There are indeed very few co-operative societies that are not members of some organization.

A Federation is authorized to appoint an inspector for the inspection of affiliated organizations, when the following conditions are all satisfied: (1) When the organization is legally constituted as a co-operative society or as an association ; (2) when its rules establish that one of its objects is precisely that of exercising control over its affiliated societies ; besides this, the Federation may have as its sole object that of defending the collective interests and of maintaining business relations with its affiliated organizations; if it occupies itself with other matters, it cannot exercise this control ; (3) when it groups around it at least fifty co-operative societies or all those in one province, or again all the co-operative societies of one province of one character and the same nationality.

Authorization to exercise control is granted by the local public authority.

Let us note that at the enquiry of 1908 the question was raised, whether, in view of the importance and great responsibility of the Federations in the matter of inspection, they should not be subjected to some control by the public authority or the Provincial Commission. But most competent persons declared themselves against such a measure on account of the impossibility of laying down rules adaptable to the form of the various Federations

organized in such different ways. On the other hand, either a Federation is constituted in the form of an association according to the law of 1867 and then such intervention is not justified; or it is constituted as a co-operative society in accordance with the existing law and then it must be altogether subjected to the inspection either of a superior organization or of the Provincial Commission or of the competent tribunal.

* * *

The bill does not enter into details as to the manner of carrying out the examination; it did not seem advisable to go into minute particulars. The variety of the co-operative societies is so great that if the inspection was subject to detailed and rigid rules, it would not attain its end.

On the contrary, the bill lays down general provisions to be adapted to the requirements of each case, giving the inspector ample powers so as to place him in a position to avail himself of all the means necessary for his investigations. Thus he has the right to enter all the offices of the society, to examine the books and papers, to demand explanations, to assemble, at need, the board of administration and the council of supervision, and be present and speak at their meetings without voting. When he has to inspect co-operative businesses with technical installations the examination of which calls for special competence, as for example the co-operative societies for the generating of electric energy, the inspector may ask for expert assistance.

Another provision, like the foregoing a new one, concerns the powers of the inspector of Federations or Central Co-operative Societies and Banks. If he is to have an exact idea of the conditions of a central co-operative organization he must be in a position to know the relations of this latter with the affiliated co-operative societies. According to the present law the inspector must content himself with the declarations made by the members of the central organization in regard to its relations with the affiliated co-operative societies he is not in a position to examine personally. Now, admitting that a Central Bank may have granted loans to an exceptionally large degree to some co-operative society, it is right that the inspector should examine into the matter, proceeding also to an inspection of the society.

The inspector must communicate in writing to the Board of Management of the co-operative society the results of his examination and especially must point out the infringements of the rules and the law he has discovered. This communication is made through the examining body of the Federation or of the Provincial Commission if the inspector has been appointed by one or other of these bodies. The registrar of the Court must be also advised.

The Board of Management must advise the Council of Supervision, on receipt of the inspector's report, and, after consultation with it, decide with regard to the report.

The report must be placed on the agenda of the next general Meeting where it must be read in full with all the observations noted on it by the examining body. It must be read by a special commission elected from the members of the Meeting, so as to avoid the omission by the president of passages reflecting upon his work. The Council of Supervision must give the meeting its opinion on the inspector's report.

The examining body may, if it judge fit, order the board of management of the society to call a special general meeting, within a stated term, for the reading of the inspector's report. If the board of management does not comply with these instructions, the examining body may call the meeting itself.

When the inspector discovers omissions, faults or infringements of the rules or of the law, he gives the society a term of three months to put everything in order. If the society does not conform to his instructions, he forwards a detailed copy of his report to the Court. The Court orders the co-operative society to take the necessary steps to conform itself to the law. If the faults observed are such as to call for more serious measures, the Court may even declare the society dissolved. When the faults are to be imputed to the board of management, the court has the power of depriving its members of their office. In such case the Council of Supervision must proceed to the appointment of a provisional board of management until the convocation of the general meeting.

These provisions tending to give effectual sanction to the institution of inspection are largely new : the law of 10th. June, 1903, was found deficient on this point.

§ 8. *The Co-operative Society as a Civil Person.*

The Co-operative Society acquiring in consequence of registration the character of a civil person becomes capable of independent action. The law attributes to it in addition the character of a trader so that the provisions of the commercial code apply to it in so far as they are not invalidated by the co-operative law.

Co-operative societies should then as *traders* be able to exercise any trade and any industry in accordance with the commercial code ; but the bill excludes from their sphere of action certain forms of activity not consonant with the co-operative principle. They are forbidden to carry on industries requiring a large initial capital and large working capital, which, as a rule, a co-operative society has not available, as, for example, the construction and

working of railways and mining. Not only do these industries require large capital, but they require its immobilisation for a long time or even permanently. Now, even when a co-operative society has exceptionally large funds at its disposal, it offers no security of being able to dispose of them for a long time, whilst every member has the right to leave the society after a certain period and withdraw his contribution.

For similar reasons the co-operative societies are forbidden to issue *lettres de gage* (bonds) and mortgage bonds. They are also forbidden to undertake insurance business, as that being subject to State control in the interests of the public would ill accord with the principle of independence prevailing in co-operation; besides this branch of industry also demands large financial resources. As to local requirements they are sufficiently provided for by the existing law on insurance which recognises the small mutual insurance societies.

The co-operative societies are also forbidden to carry on the work of enrolment and transport of emigrants; here, evidently one could no longer speak of collective enterprise based on the personal collaboration of the members.

With regard to the industries authorized, the co-operative societies are of course subjected to the provisions of special laws. The bill (93,2) adds that authorization may only be granted in case the action of the society extends only to members.

In this respect the bill introduces an important innovation: the co-operative societies for production, says § 94, exercising an industry under the industrial law (*Gewerbeordnung*) may also extend their action to non-members only in case all their members are authorized to carry on the same industry. This provision is only a consequence of the industrial legislation tending to reinforce the class of small "industrials" by admitting to the exercise of an industry only persons endowed with special qualities (for example, an individual to exercise the trade of master mason must have had a regular apprenticeship and have passed an examination).

Now if the bill did not contain the above provision, the individuals excluded from a given profession by the *Gewerbeordnung* would unite in a co-operative society and by that expedient reach their end, namely, a profession forbidden to them by the industrial law.

*
* *

We have said above that the bill does not absolutely exclude non-members from participation in co-operative work, when the relations of the society with the non-members are limited. But with regard to some forms of co-operation, *credit and distributive co-operative societies*, the bill shows itself

more severe : it forbids the participation of non-members even to a limited degree in the business constituting the object and *raison d'être* of the society.

Besides it is a common opinion and a principle almost universally acted on that credit societies must only grant loans to members. The cause of the ruin of some co-operative societies is precisely due to their having acted on the opposite principle.

The object of the credit co-operative societies is to form, by a union of many persons of small finances, a body which, uniting in one all the scattered forces, would have a large basis for credit and also the possibility of providing shareholders with cheap credit and with the least difficulty. Therefore the admission of non-members also to credit would be a contradiction of the very intentions of the credit co-operative society. But there is more ; this would entail a diminution of the security offered by the society. If the society makes the necessity of membership a condition for obtaining credit, whoever has need of credit will be obliged to become a member, unless he is willing to forego the loan. However slight the increase of the security acquired by the society at the entrance of each member, when one considers the matter as a whole and not isolated cases, one immediately sees its importance. In the enquiry made in 1908 it was found that a bankrupt co-operative society had 200 members and had granted 1,800 loans. Now it is evident that if the members had been 2,000 instead of 200, affairs would have had a different issue. Even if the failure had occurred, the society would have had larger funds available to satisfy its engagements and meet the deficit, the 2,000 members would have had to make some slight sacrifice, whilst the 200 suffered severely.

But another reason justifies the above provision. To admit non-members to share in the credit of the society would be making it possible for a small number of persons to form a co-operative society with the object of making profits ; in such case they would have every interest in granting loans to non-members.

This would be a business of speculative character in contradiction with the co-operative idea. On these considerations the bill forbids the co-operative credit societies to grant loans to non-members, agreeing in this with the German law (§ 8,2) and the Hungarian law (Article XXIII of the 1898 law on co-operative credit societies).

*
* *

Similarly, the co-operative distributive societies are forbidden to sell goods to non-members. Their object is the supply of members with articles of personal consumption cheaper than they could obtain them at the shops. Yet it would not have been contrary to the co-operative principle to admit

non-members in a limited proportion to make purchases from the co-operative distributive societies.

The difficulty is to arrange that the proportion should be maintained. Now the bill, considering that it would be impossible to prevent serious abuses, has laid down an absolute prohibition subjecting the societies in contravention to a fine of from 2 to 500 crowns.

Exception is only made in cases of necessity ; in the case of perishable goods and when losses have to be averted, the society may sell also to non-members but *not retail*. The bill has adopted restrictive provisions for the co-operative distributive societies, preventing their commencing business until they have a certain number of members, more precisely 200 in localities where the population exceeds 20,000 and 50 in other places.

§ 9. *Special Provisions as to Credit Co-operative Societies.*

The bill regulates the credit co-operative societies very precisely. In conformity with the provincial laws of Bohemia of the 30th. June, 1906 and 26th. April, 1900, the law forbids them occupying themselves with business outside of their natural field of action, credit.

In particular they are forbidden (a) to carry on industrial business, except it be the provisional exercise of a business acquired gratuitously or to save the society from probable losses ; they are forbidden even to participate in such undertakings ; (b) to buy real estate unless it be a provisional purchase to save the society from probable losses, or a purchase effected for the requirements of the society, as, for example, for the installation of its offices ; (c) to buy or sell goods whether for their own account or on commission ; (d) to buy and sell bills for a term subject to the fluctuations of exchange, either for their own account or on commission.

The prohibition in § (a) and (c) does not apply to Federations of co-operative societies acting as central banks and accepting deposits at interest only from affiliated co-operative societies.

The prohibition to purchase real estate and to purchase and sell goods is considerably limited in the case of Raiffeisen Banks.

They form an organization of such sort as to allow of their being considered, from the point of view of the agricultural population, as institutions of public utility.

Besides, in view of the restricted limits of their field of action, which, as a rule, is only one or two communes, and the direct knowledge the members have of all the business, they are unlikely to proceed without the greatest circumspection. Therefore the bill allows them the right to purchase real estate to prevent subdivision or the sale of land for purposes of speculation ;

as well as to purchase farm requisites wholesale for the account of their members and to sell the members' produce on commission.

The bill does not explicitly name the Raiffeisen Banks, but in § 97 it mentions their characteristics, as follows :

- (1) unlimited liability (*unbeschränkte Nachschusspflicht*) ;
- (2) limitation of the field of action to one or more indicated contiguous localities ;
- (3) the amount of the share (*quote part*) not exceeding 50 crowns and the interest on the shares not exceeding that on the savings deposits ;
- (4) the profits of each working year assigned to a reserve fund, to which the members have no right even in case of the dissolution of the society ;
- (5) exclusion of loans on bills of exchange ;
- (6) interest on loans not exceeding, in all, the interest on deposits by 1 $\frac{1}{2}$ %.

Let us finally observe that, according to the bill, only co-operative credit societies are authorized to accept deposits on interest, issuing savings bank books, deposit certificates and similar receipts. Other co-operative societies may only accept deposits in current account and only from members.

CO-OPERATION AND ASSOCIATION

BULGARIA.

CURRENT QUESTIONS.

The Agricultural Co-operative Credit Societies in Bulgaria.

The following Article has been to a large extent summarised from the work of D.^r DOBREFF. Die landwirtschaftlichen Kreditgenossenschaften in Bulgarien, Thesis for Doctor's Degree, Erlangen, 1911.

§ 1. Urban Banks.

The political events in Bulgaria in the second half of the 19th. century greatly effected the economic conditions of the country, especially agriculture. This was due to various causes, more especially to the fact that the young state which at once began reforms, was faced by enormous expenses leading to a general increase in taxation. Moreover, the people's wish to rescue the land from the hands of the former rulers created a large demand for land, the price of which at once rose; whilst, on the other hand, the revenue diminished through the competition of American agricultural exports which began to flood the European markets.

At the same time a deep and essential transformation was coming over the economy of the country, which was passing from simple exchange of produce in kind to a monetary system of economy.

All these facts necessarily brought about a great scarcity of money. The result of this, namely usury, assumed enormous proportions, and the various special laws of 1880, 1893 etc. did not avail to combat it.

But this want of money brought about a beneficial result; the development of the first Bulgarian co-operative societies of agricultural credit: the "Urban Banks."

These were first instituted in the time of the Turkish dominion under Midhat Pasha who, as far back as 1863, worked intelligently and actively in their behalf. The finances of Turkey, not being then in a condition to furnish the necessary funds, it was thought best to obtain them from the peasants themselves.

The energy of Midhat Pasha succeeded in this difficult task, so that, in 1863, some of the societies called "Urban Banks" were formed. The Turkish Government, recognising their utility, two years later made it compulsory to found such banks in the chief towns of each district.

All agriculturists without distinction had the right to make loans, but they were also obliged to pay a special tax for the formation of a capital for the working of the said banks.

The tax might be paid in kind, as also the restitution of the sum borrowed. The bank undertook the sale of such produce at market prices. In 1867 the tribute in grain was converted into tribute in money. No new bank could begin operations before accumulating a capital of 4,000 frs.

The administration consisted of four councillors from the district, of whom two had to be Mahomedans and two Christians; and of a cashier. It was also under the supervision of the district council. The banks chiefly granted to the farmers credit on personal security, or on pledge or mortgage, generally for a short term.

The advantages accruing to the farmers were very great: the rate of interest although fairly high (at the beginning, 12%, falling in 1864, to 10%, and in 1873 to 9%) was an enormous relief in comparison with the interest demanded by the usurers, which often exceeded 100 %.

A third of the profits of the banks was employed in useful public works; the other two thirds went to increase the funds.

These rural banks were progressing, when in 1877 the Turco-Russian war broke out. The consequences were fatal. In the general disorder, not only the beneficent movement stopped, but the sackings that took place, the destruction of the books, and the dishonesty of the debtors who repudiated their debts completed the ruin. When the war ended (1872) the provisional Russian Government wished to re-organise the banks and published an edict to that effect, which, however, introduced no radical changes in the rules which governed them before.

The sphere of action of the banks was extended in the succeeding years by new rules which gave them the right of granting loans to non-agriculturists out of funds procured by the deposits of orphan minors entrusted to them, and entitling them to receive deposits from outsiders. The banks continued to work on these principles till December 23rd., 1894, when a law made a first radical transformation in their existence, entrusting the direction of the agricultural banks to the Ministry of Agriculture and Commerce. Thus, whilst on the one hand the administration of such banks,

entrusted before too often to inexperienced and biased persons, came under Government control, their nature was so completely transformed as to make of them institutions dependent on the central power.

A new law of December 31st., 1903, completed the work of centralization by creating the "Agricultural Bank of Bulgaria" by the union of all the local banks. We shall not dwell further on the constitution and working of this bank having already treated of it at length in the June Number of our Bulletin.

Suffice it to say that it had a very beneficial effect on the rural banks, as they were now provided with a large amount of capital and their diffusion was encouraged by assiduous and intelligent propaganda. A new institution, the Central Bank of Bulgaria, the foundation of which was decided upon by the law of 17th December, 1910 (old style), the functions and organization of which we shall deal with in the next number of the Bulletin, has recently replaced the Agricultural Bank of Bulgaria in everything relating to co-operative credit.

§ 2. *The Agricultural Co-operative Credit Societies.*

The first Bulgarian co-operative credit societies on the Raiffeisen system were founded in 1897 on the initiative of a master of the agricultural school at Rustchuk, named Kardjew. Unfortunately, the two first, founded in the villages of Straklewo near Rustchuk and Escerwena-Woda, lasted only a short time, owing largely to the inexperience of their founders.

This failure did not, however, prevent the good idea from being taken up again two years later by a congress of rural teachers, held at Krossewo. This time the efforts were crowned with great success, notwithstanding that the difficulties were increased by the distrust of the peasants, deepened by the ill-success of the first attempt. Consequently, one cannot be surprised if, in so prejudiced an environment, the development of the first co-operative societies of agricultural credit was extremely slow.

There were founded :

| | | |
|----------------------------|----|------------|
| in the year 1899 | 2 | Loan Banks |
| » 1900 | 5 | » |
| » 1901 | — | » |
| » 1902 | 13 | » |
| » 1903 | 9 | » |

Altogether 29 banks were founded in five years.

In 1903 an important fact modified the status of these co-operative societies. The Bulgarian Agricultural Bank, recognising the immense utility of such banks to the whole country, decided to take an active part in their development. With that object the central administration of the Bank drafted special instructions to the branches and agencies ordering them to encourage the institution of new rural banks, and even if necessary to take part in their management: it ordered its officials to study the principles of the Raiffeisen system and promote its diffusion, and, what mattered still more, it placed upon the estimates large appropriations for subsidising future banks.

The slow development of the first co-operative credit societies, after the impulse given by the Agricultural Bank, at once advanced rapidly:

There were founded:

| | Loan Banks | Proportional Increase | Number of Members |
|-----------------------------|---------------|-----------------------|-------------------|
| from 1899 to 1904 | 29 | — % | 1,622 |
| 1905 | 71 | 244 % | 5,658 |
| 1906 | 47 | 47 % | 10,243 |
| 1907 | 91 | 62 % | 19,422 |
| 1908 | 162 | 68 % | 28,744 |
| 1909 | 280 | 70 % | 35,289 |
| 30 Sept., 1910 | 95 | — % | 40,000 |

775

Whilst before in five years they only succeeded in founding 29 credit banks, the number of these, after the intervention of the Bank, rose in one year to 71: in September, 1910 there were already 775. Likewise the number of members which was 1,622 at the end of 1904, exceeded 40,000 in September, 1910.

The members were divided among the 772 co-operative societies in the ratio of about 60 to 80 each. It is well to note that although they recruited especially amongst farmers (89 %), those belonging to other professions were never excluded: thus, they had as members workmen (2 %) small merchants (1.9 %) priests and teachers (2 %) etc. The participation of these other members of the rural community was rightly welcomed, as affording an element of equilibrium in moments of agricultural crisis.

Dobreff furnishes the following data as to the economical conditions of the members:

Members' Assets and Liabilities.

ASSETS.

| Year | Total Amount | | Total | Per Member | | Total |
|------|--------------------|-------------|-------------|-------------|--------------------|----------|
| | Personal Estate | Real Estate | | Real Estate | Personal Estate | |
| 1907 | 57,236,823 | 9,058,661 | 66,295,484 | 2,947.09 | 446.61 | 3,413.50 |
| 1908 | 98,478,754 | 24,377,922 | 122,856,676 | 3,422.51 | 848.62 | 4,271.13 |
| 1909 | 119,784,248 | 21,630,151 | 141,414,399 | 3,391.54 | 610.10 | 4,001.64 |

LIABILITIES.

(Exclusive of Debts to the Co-operative Societies).

| Year | Total Amount of Liabilities | | | | Total | Average per Member |
|------|-----------------------------|-----------------------|--------------------------|-------------------|-----------|-----------------------|
| | to the State | to Private Persons | to Agricultural Banks | to Other Banks | | |
| 1907 | 117,036 | 918,008 | 946,570 | 177,508 | 2,159,122 | 111.16 |
| 1908 | 137,171 | 1,517,543 | 1,469,753 | 397,252 | 3,521,769 | 122.54 |
| 1909 | 161,272 | 1,660,729 | 2,061,317 | 183,135 | 4,966,453 | 115.25 |

In addition : 60 % of the members possessed from 2 to 10 head of cattle (18 % from 1 to 2, etc.), 40 % from 10 to 50 head of small stock (22.6 % from 1 to 10, 5.3 % from 50 to 75) : 19.60 % of the members had from 30 to 50 ha. of land (15 % from 10 to 30, 17.20 % from 50 to 75). All these data show that the members of the co-operative societies belong mostly to the class of small and middle proprietors, that is to say, exactly the classes for whom the banks were founded.

The above tables show a slight but uninterrupted decrease in the debt towards the State and to private persons (that is to say, in many cases, to usurers) which may be considered as the first real benefit conferred by the co-operative banks.

§ 3. *The Co-operative Credit Societies in Recent Years.*

We have already said that the development of the Bulgarian co-operative credit societies was due rather to the work of the Agricultural Bank, which furnished the necessary capital for their formation, than to the spontaneous initiative of the agriculturists. Thus the need for contributions from the members was less strongly felt than generally in co-operative societies of the same kind, as they had but little importance in the formation of the working capital. In fact they figure in the total liabilities in the following ratio :

| | |
|---------------------------------|--------|
| 31st. December, 1905 | 10.9 % |
| » » 1906 | 7.4 % |
| » » 1907 | 6.2 % |
| » » 1908 | 7.2 % |
| » » 1909 | 8.5 % |
| 30th. September, 1910 | 8.7 % |

The figures may be compared with those that represent the contributions of the Agricultural Bank to the total assets :

| | |
|---------------------|------|
| Year 1905 | 46 % |
| » 1906 | 62 % |
| » 1907 | 70 % |
| » 1908 | 67 % |
| » 1909 | 60 % |
| » 1910 | 61 % |

From this one sees the Bank was the principal agent in the life of the credit societies. In addition to the contributions of the members a very small part was represented by their savings and those of outsiders composing the rural population. This was due not only to the distrust felt by the Bulgarian peasants for this kind of institution, and to the real scarcity of money prevailing amongst a large number of them, but also to the fact that they prefer to invest their savings in the purchase of land, when they do not wish to keep them in cash. The deposits made by private persons,

calculated on percentage of the total of the debit operations of the societies, are shown in the following table :

| Year | Deposits | Savings | Total |
|----------------|----------|---------|-------|
| 1905 | 22 | 14 | 36 |
| 1906 | 16.5 | 7.3 | 23.8 |
| 1907 | 12.7 | 4.7 | 17.4 |
| 1908 | 13 | 5.7 | 18.7 |
| 1909 | 16.4 | 7.6 | 24 |
| 1910 | 15.9 | 6.1 | 22 |

The Bulgarian Agricultural Bank came to the assistance of the Co-operative Societies by opening a current account for them at the beginning of every year. Prior to the Act of 11th. March, 1901, this was not however done unless a special inspector carefully examined the financial status of the society and that of each of its members. After such inspection, the branch bank nearest to the seat of the society, pronounced judgment on its solvency. The maximum limit of credit was fixed by the central administration. The control of the local societies by the Agricultural Bank is exercised uninterruptedly ; the current account is immediately suspended when they commit irregularities or when they grant loans on insufficient security or infringe any regulation or provision of the banks.

This control, though very necessary, entails constant interference with the societies. So that owing to the fact that they work with capital furnished in great part by the Bank, and that they are subject to its control, they lose their independence and almost become branches of the Bank. But not absolutely so, as these societies, having a restricted field of action possess many of the advantages of small local co-operative societies, chief of which is that knowledge of and control over the members which make the working of personal credit possible. The law of 17th. December, 1911, also confers, with slight modifications, this power of control on the new central Co-operative Bank of Bulgaria.

§ 4. *The Assets of Credit Societies.*

The principal work of the co-operative credit societies consists in granting short term loans to their members for an amount that cannot exceed 50 % of their estimated funds. This valuation is made in various ways in the case of the various societies, but always on the basis of the land they own, and it is then controlled by special inspectors sent expressly by the Bulgarian Agricultural Bank.

Let us now see what the loans amount to and how they are divided amongst the members. The following have been granted :

| | | Members | Thousands of Lewas | Lewas per Member |
|------------------|------|---------|-----------------------|------------------------|
| 1st. January, | 1906 | 5,658 | 0,860 | L. 152 |
| " " | 1907 | 10,243 | 2,388 | " 232 |
| " " | 1908 | 19,422 | 5,417 | " 277 |
| " " | 1909 | 28,744 | 8,151 | " 283 |
| " " | 1910 | 35,289 | 10,486 | " 297 |
| 30th. September, | 1910 | 37,706 | 12,289 | " 325 |

This table shows a continual increase in the average value of the loan. But as this average is calculated for very different values, it is well to examine the figures more in detail.

On 1st. January, 1910, 49,396 loans made by the 492 societies to their members were divided as follows :

| | | | Percentage of Total Members | Percentage of Total Amount |
|------------|---------|----------|-----------------------------------|----------------------------------|
| Loans from | 10 to | 50 lewas | 18.2 | 3.0 |
| " " | 50 " | 100 " | 22.3 | 8.6 |
| " " | 100 " | 200 " | 24.5 | 18.3 |
| " " | 200 " | 300 " | 13.5 | 16.1 |
| " " | 300 " | 500 " | 13.4 | 24.5 |
| " " | 500 " | 700 " | 4.6 | 13.3 |
| " " | 700 " | 1,000 " | 2.7 | 10.6 |
| " " | 1,000 " | 1,500 " | 0.7 | 3.8 |
| " " | 1,500 " | 2,000 " | 0.16 | 1.2 |
| " " | 2,000 " | 5,000 " | 0.04 | 0.6 |

After showing what loans are made by the societies to their members, it will not be less interesting to see the use made of them. We therefore give the following table from the annual report of the central federation of the agricultural co-operative societies for 1908 and some official data of the Agricultural Bank on the work of the credit societies in 1909.

Use made of loans in the year 1906-1909 :

| | Percentage of Total Number of Loans | | Percentage of Total Amount of Loans | | Percentage of Total Amount — |
|--|---|------|---|------|---------------------------------------|
| | 1906 | 1909 | 1906 | 1909 | |
| Payment of debts | 35.2 | 41.7 | 33.7 | 43.5 | 272 |
| Purchase of land | 21.9 | 11.2 | 17.5 | 26.7 | 309 |
| Purchase of cattle | 12.9 | 28.0 | 9.8 | 8.6 | 190 |
| Payment of taxes | 13.1 | 6.5 | 6.7 | 3.3 | 108 |
| Purchase of grain | 2.8 | 1.0 | 11.1 | 5.7 | 108 |
| Loans for cultivating | 0.5 | 0.3 | 1.5 | 0.9 | 118 |
| Loans for harvesting | 1.1 | 0.6 | 1.0 | 0.5 | 118 |
| Loans for agricultural machinery | 1.2 | 1.0 | 1.3 | 1.2 | 204 |
| Loans for other unproductive purposes (celebration of marriages, funerals, etc.) | 11.2 | 8.7 | 16.9 | 9.6 | 129 |

These data are most important as they explain why the Bulgarian co-operative societies of agricultural credit have not yet attained the development which they perhaps might. Whilst the object of these banks was to furnish the farmers with capital that would help them to progress by means of farming improvement, the purchase of agricultural machinery etc., we see that the greater part of the capital, 88 %, is used for productive purposes. Foremost amongst these is the repayment of previous debts.

When the first co-operative societies arose, many of the farmers who groaned under the weight of usury at once took advantage of the first capital obtained from the banks to pay off previous liabilities.

To these must be added other unproductive expenses, such as payment of taxes, celebration of marriages, funerals etc. purchase of land, etc.

It is therefore only natural that the relief obtained from the banks has only been momentary: one creditor was substituted for another, but this creditor also had to be paid; at the expiration of the term the agriculturists found it impossible to return the capital loaned from the banks.

For this reason renewals are very frequent, bills are often renewed several times.

Renewals were granted :

| | | | |
|---------|-----|--------|-----------|
| once | for | 23.5 % | of debts. |
| twice | » | 14.7 % | » |
| 3 times | » | 8.1 % | » |
| 4 | » | 3.6 % | » |
| 5 | » | 2.7 % | » |

And now a few last words on the expenses of the various societies :

| Year | Total Expenses (in francs) | Per Bank | Per Member |
|------|-------------------------------|----------|------------|
| 1906 | 219,040 | 1,571 | 21 |
| 1909 | 1,201,989 | 2,443 | 54 |

Most of these expenses represent the interest which each society has to pay to its creditors: that due to the Agricultural Bank alone amounts to 414,031 lewa ; then come 147,117 lewa due as interest on deposits, members' savings and shares (*quotes-part*). The rest of the sum is accounted for by expenses of administration, salaries, indemnities etc.

§ 5. Federation of the Co-operative Credit Societies.

As elsewhere, the need has been felt in Bulgaria of federating the various co-operative societies formed for similar objects. This movement is only of recent date, on account of the former scanty development of the co-operative societies. Only in 1907 the need of such centralization was felt, after a congress called by the oldest and most flourishing co-operative societies of the district of Rustchuk, in November of that year. The federation began to work, 24th January, 1908, with the following objects:

(1) To unite all the co-operative societies under one single legal representative ;

(2) To keep the various co-operative societies in close and constant touch with one another ;

(3) To promote the interests of the co-operative societies, and protect them by means of inspection and the union of the co-operative societies among themselves and with outside societies ;

(4) The collective purchase of machinery and chemical manures and the co-operative sale of agricultural produce.

Whilst the federation undertook these tasks, the Bulgarian Agricultural Bank still retained its position as the central institute of credit. The federation however, had the right of fixing the limits within which the various

co-operative societies could ask for credit from the Agricultural Bank. For this purpose the federation several times a year sent to the co-operative societies inspectors belonging to a revising committee especially formed for this purpose at the headquarters of the federation itself on the 1st. December, 1908. Recent provisions have considerably simplified the system of revision and we shall have occasion to mention them in the next number of the Bulletin of Economic and Social Intelligence.

The Federation moreover busies itself in organizing travelling lectureships so as to promote the development of agricultural co-operation in its various branches in Bulgaria.

The following data show the work of the federation. At its start it included 293 co-operative societies out of 369 then existing; on 30th. June, 1909 its action was extended to 318 co-operative societies, whilst these have now reached the number of 650.

Juridically the federation is a co-operative society with limited liability, each member being liable for five times the sum which he has contributed.

The working capital of the federation consists:

(1) of an initial sum of 100 Lewa paid up by each member on entering the federation.

(2) contributions which each affiliated co-operative society is bound to pay in the ratio of 2 % of its gross profits; starting from a minimum of 10 Lewa.

(3) Subventions from the agricultural Department and further profits made by the federation itself, donations etc.

The federation is managed by a board of management of 12 members and a board of supervision consisting of three persons.

The federation of the co-operative societies governed on the principles set forth above, suffered in 1910, after two years' existence, from serious dissensions, which ended in a split and the formation of two separate federations, of which the most important, the "Principal Federation", has continued to work on the principles we have just indicated.

CO-OPERATION AND ASSOCIATION

FRANCE.

I. CURRENT QUESTIONS.

Co-operative Agricultural Credit During the Year 1909-1910.

Sources :

Rapports présentés par le ministre de l'Agriculture au Président de la République sur le fonctionnement et les résultats des Caisses de crédit agricole mutuel en 1909 et en 1910. (*Reports presented by the Minister of Agriculture to the President of the Republic on the working and results of the mutual agricultural credit banks in 1909 and 1910*).

Journal Officiel du 9 décembre 1910 et du 2 septembre 1911. (*Journal Officiel of December 9th., 1910 and September 2nd., 1911*).

Dix ans de crédit agricole. - Ministère de l'Agriculture. Service du crédit mutuel et de la co-opération agricoles. (*Ten years of agricultural credit. Ministry of agriculture. Agricultural mutual credit and co-operation service*). Paris, Imprimerie Nationale, 1910.

II. SAGNIER : Le crédit agricole en France. Ses origines, son essor, son avenir. (*Agricultural credit in France. Its origin, its progress, its future*) Paris, Librairie agricole de la Maison rustique, 1911.

Bulletin mensuel de l'Union des Caisses rurales et ouvrières. (*Monthly Bulletin of the Rural and Workmen's Banks Union*). Paris, 1911.

Annuaire des Syndicats agricoles. (*Agricultural Syndicates Yearbook*). Paris, Berger-Levrault, 1911.

Annuaire de l'Agriculture et des Associations agricoles (*Yearbook of Agriculture and Agricultural Associations*). Paris, 1911.

§ 1. *The Various Forms of Agricultural Credit in France.*

The institution of an organic system of agricultural credit which, on account of the special conditions under which the agricultural industry is developed, constitutes one of the hardest problems of rural economy, has been very slow and difficult in its working out, especially in France. (1).

(1) For the history of agricultural credit in France, see the excellent work by M. Sagnier cited at the beginning of this article. Cf. also : *Bulletin of Economic and Social Intelligence*, Dec. 31st., 1910, pp. 219 and 274, and April 30th., 1911, p. 85.

The idea of granting credit to farmers first appeared at the time when the agricultural movement which had begun in the middle of the last century had become assured. Economists, agriculturists and statesmen had been agitating for it for about forty years, arousing discussions, inquiries, bills and orders of the day in great number. The matter ended by some more or less unhappy attempts, such as that of the Central Bank for Agricultural Credit, founded in 1860, and the Credit Foncier, which finally collapsed in 1876 as the result of speculation. According to the most authoritative writers, the main reason for this failure was a lack of clear ideas on the nature of agricultural credit, and especially on account of the dominating idea that prevailed at that time, namely, that the agricultural banks were nothing but ordinary banks and that they ought consequently to adopt the same criteria and the same methods towards farmers as towards industrial or commercial men. Excessive centralisation, the spirit of speculation, the absence of the mutual element, these are the essential defects which retarded the adoption of a credit system.

The period from 1880 to 1885 was the prelude to a new point of view. The example of other countries, and especially of Germany and Italy, a Report by Léon Say which drew the attention of the French agricultural world to the excellent development of agricultural credit in Lombardy, the encouraging results obtained in the matter of urban credit by the Popular Bank of Mentone, all these facts convinced those who were at the head of the movement that agricultural credit, in Say's now celebrated phrase, ought not to be organised *from above*, but from *below*; it was started for the most part by the initiative of the persons interested, united in the bonds of mutuality.

In the meanwhile, the new agricultural professional movement, favoured by the Law of 1884 on syndicates, extended the practice of association to the various parties of rural activity, and thus prepared the ground for mutual credit. In 1885, the Syndicate of Poligny (Jura) organised the first agricultural credit society, and its example was soon followed by the Syndicates of Senlis (Oise) and Die (Drôme).

It was at this time that the *Central Federation of Popular Credit* began to found, under the direction of M. Charles Rayneri, its agricultural banks collective societies, with variable capital, in the Department of the Maritime Alps. M. Rostand became the apostle of the organisation of agricultural credit in the Department of Bouches-du-Rhône, which was founded under the aegis of the Savings Banks. The latter, supporting the credit of the local mutual societies, had to carry back to the land which had reproduced it the capital formed of the savings of the farmers. Lastly, M. Durand started a strong propaganda in the region of Lyons in favour of the Raiffeisen banks. The *Union of Rural and Workmen's Banks*

with limited liability was then formed, joining them into an important federation.

The Government and Parliament did not wish the teachings of this spontaneous and fertile movement to be lost; it desired to bring about an *organic* system of agricultural credit which could be extended to all parts of the country. Jules Méline became the supporter of this great reform.

The principle that the credit for the current operations of the agricultural industry should be organised *from below* and based on mutuality, professional trust and personal guarantee, now prevails everywhere. The question is one of offering to farmers a simple and elastic type of society, free from formalities and fiscal charges, and such, in fact, as can easily be assured in the various agricultural regions. The Méline Law of November 5th., 1894, which founded the *local mutual agricultural credit* banks based on the syndicates and getting their members from them, was therefore passed. This kind of banks enjoys a special régime in comparison with the other institutions that it was possible to form up to this time, in accordance with the Law of 1867 on societies with variable capital and these banks are subjected to a minimum of formality; at the time they are founded, they must deposit the list of their administrators and members at the record office of the Justice of the Peace, and also, once a year, must send in the list of their members and the summarised table of their receipts and expenses. They are exempted from payment of licences and the tax on personal estate.

The local bank is a commercial society and consequently must submit as far as its book-keeping is concerned, to the prescriptions of the Commercial Code. It may carry on the same operations as a bank.

The capital must be constituted by shares (*parts*), and must be formed of nominal shares exclusively subscribed by the members. These shares may bring in a fixed interest of not more than $3\frac{1}{2}\%$, but they must not pay any dividend. When $\frac{3}{4}$ of the profits have been set aside for the reserve fund, the remaining quarter is distributed to the members in proportion to the operations that they have had with the bank. The law leaves the local banks perfectly free to fix in their rules the kind of administration that they prefer, the degree of liability of their members and the way in which they intend to distribute the profits.

As to the co-operative spirit animating the local banks, those banks created by the law of 1894 resemble the rural Raiffeisen banks, but they differ from them as far as capital, liability and distribution of the profits are concerned. A study of these banks from this point of view will show that they greatly resemble the Schulze Delitsche type.

However, a large number have adopted the system of joint and several liability: this tendency seems likely henceforth to prevail among the organisers of mutual credit.

During the five years from 1894 to 1899 the local mutual credit banks existed on their own resources, without any assistance from the State (1) like the collateral groups of the Rostand and Durand Banks. But if the supporters of independent credit cite this fact as an example to be followed, it is certain that the insufficiency of capital available prevented the local societies from extending and spreading. A new tendency was soon manifested, that of offering the societies the means permitting them to face the growing needs of rural life.

A good occasion soon occurred for soliciting the intervention of the State for this purpose. The privilege which had been accorded to the Bank of France more than a century before had expired, and the Law of November 17th., 1897, which renewed this privilege up to 1920, obliged the Bank to pay over to the State every year a sum corresponding to the eighth of the discount on its bills at interest. This sum was not to be less than 2 million francs, and the Bank further put at the disposal of the State, without interest and for the entire duration of its privilege, a sum of 40 millions. The whole of this payment together with the advance was to be devoted to agricultural credit.

After long discussions on the criteria to be applied in the distribution of this money to farmers and to the associations, the idea of creating a central institution of the type of the Prussian Central Bank was at first excluded. The principle of decentralisation that Méline so strongly defended then prevailed, and thus we arrived at the Law of March 31st., 1899, which created the *regional banks of mutual agricultural credit*.

These societies are formed on the same principles as inspired the foundation of the local banks, and the same juridical form was adopted for them. They exercise in regard to these the function of institutions of the second degree, unite them together in regional groups, and transmit to them the means gratuitously accorded by the State. Their action is at first limited to facilitating the ordinary credit operations at short date made by the members of the local societies and guaranteed by the latter. This sphere of action is extended little by little, as we shall soon see.

In order to fulfil their first task, which is always their fundamental one, the regional banks discount the bills signed by the members of the local societies and endorsed by the latter. They also grant loans to the local banks in order to enable them to constitute a working capital.

The regional banks may obtain gratuitous loans out of the State funds coming from the Bank of France up to the amount of four times their paid-up capital and for the duration of five years, unless the period

(1) In 1898, the local banks numbered 136, which number had reached 3,000 in 1910, as we shall see.

be renewed. A special Commission has to deal with the distribution of these sums, and a corps of inspectors supervises the regular working of the societies. The Law established that the interest on the shares must not be more than 5 %, and that the maximum deposits and bonds which the societies have the right to issue shall not be more than $\frac{3}{4}$ of the sum total of their bills in hand.

Further, they may rediscount their bills with the Bank of France or with other large credit institutes. The bills must bear the three required signatures before they can be negotiated, those of the farmer, the local bank and the regional bank.

Two years after the promulgation of the Law, there were already 16 of these banks at work, and this number had risen to 96 in 1910, or more than one per Department.

The new needs of agriculture, which are taking more and more of an industrial character every day, the progress made by the co-operative idea in agricultural production, the growing necessity for small families to develop and consolidate the small properties which are threatened by too minute a parcelling out and by the rural exodus, all these facts have brought about an extension of agricultural credit and consequently the new attributes of the bodies created for the purpose of realising it. Side by side with agricultural credit at *short date*, there is the *long date* credit granted to co-operative societies by the Law of 1907 and to farmers individually by the Law of 1910.

We have already spoken of these measures in preceding Bulletins (1). It will be sufficient now to recall here that according to the Law of December 29th., 1906, the regional banks may grant loans to co-operative production societies, and societies for the transformation and sale of agricultural products for a period of 25 years at a very low interest (2 %) and up to double the amount of the paid-up capital. For this purpose the State may grant loans without interest to the banks, which must not exceed altogether the third of the annual sum paid by the Bank of France.

In application of the Law of March 19th., 1910, the regional banks may grant loans to farmers, through the intermediary of the local societies, up to the amount of 8,000 francs, for the purpose of buying or improving small landed properties; these loans must be paid back by yearly instalments in 15 years. For this purpose the State assigns, gratuitously, a part of the fund formed by the annual payments of the Bank of France to the regional banks, in sums not exceeding altogether the double of their paid-up capital.

In addition to the mutual societies, the mechanism of which we have briefly indicated, and in addition also to various groups of independent

(1) Bulletins of Dec. 1910, p. 274 and April, 1911, p. 207.

rural societies, like the Durand banks, there are some large financial institutions which deal indirectly in agricultural credit operations with farmers. These institutions discount agricultural bills and warrants (2). The Bank of France, which has dealt especially in agricultural credit for many years past, particularly for the purpose of making the purchase of cattle easier in the large cattle breeding districts like Normandy and Savoy, to cite but one example, may be instanced as one of these institutions.

It was so engaged even before the foundation of co-operative credit.

If we wish to make a distinction between the various forms of French agricultural credit, we may divide them in the following manner:

1) *From the point of view of the character of the organs dealing in it:*

a) agricultural credit subsidised and regulated by the State (local and regional banks);

b) mutual agricultural credit not subsidised and independent (rural Durand banks, agricultural Rostand banks, Rayneri societies, etc.);

c) non-co-operative agricultural credit (Bank of France and other financial institutions);

2) *from the point of view of its nature and object:*

d) short date personal credit for the current operations of private persons and associations (exercised by all the institutions comprised in No. 1);

e) long date personal credit (with a real supplementary guarantee) for the purchase and improvement of small properties (exercised by the institutions indicated under the letter a);

f) long date personal credit (with a real supplementary guarantee) in favour of co-operative societies (exercised by the regional banks indicated under the letter a).

The institutes fundamentally intended for agricultural credit are at present the mutual regional banks and the mutual local banks. These form the system of mutual subsidised credit. Their chief operations are for short date credit with a personal guarantee, which operations are very typical of the credit granted to farmers.

In the course of this article we shall have occasion to speak of the working of the agricultural credit that we have distinguished in categories a and b of No 1, and of the results furnished during the period 1909-1910. As to non-co-operative agricultural credit, we shall speak of it in connection with credit in a forthcoming Bulletin.

(2) For the agricultural warrants, governed by the Law of 1906, see April Bulletin, 1911, p. 211.

§ 2. *Mutual subsidised agricultural credit and the results obtained during 1909-1910.*

We find, in the Annual Report of the Minister of Agriculture which is drawn up on broad lines, a table giving an encouraging aspect of the working and results of the mutual credit banks in 1910.

I. REGIONAL BANKS.

1. *Number of the regional banks. — Loans received.* — There were 95 of these banks in 1909, and another one was formed in the following year. In 1910, the banks received 11,386,815 francs from the State in loans, against 9,825,290 francs in 1909. Altogether, the sums put at the disposal of the above mentioned banks in 1910 amounted to 57,177,425 francs.

The greater part of this sum, namely, 50,442,585 francs was assigned in conformity with the Law of 1899 for the purpose of meeting the discounting of the local bank bills and constituting their working fund. A small part only was used for carrying out the laws of 1906 and 1910, as will be seen by the following table :

| SITUATION | Loans granted in accordance with the laws | | |
|---|---|-----------|-----------|
| | 1899 | 1906 | 1910 |
| | francs | francs | francs |
| On December 31st., 1909 | 44,108,688 | 2,122,775 | — |
| In the course of 1910 | 6,773,550 | 2,284,265 | 2,329,000 |
| Total | 50,882,238 | 4,407,040 | 2,329,000 |
| Repayments to the State | 439,653 | 1,200 | — |
| Remaining at their disposal on December 31st., 1910 | 50,442,585 | 4,405,840 | 2,329,000 |
| Total | 57,177,425 | | |

2. *Advances to regional banks for short date credit.* — The official Report shows how the advances for short date credit were distributed

up to 1910 among the regional banks. If we group them together in classes according to the amount they received, we see that :

| | | | | | | | |
|---|---|---|---|---|------|-------------|-------------|
| 6 regional banks received loans up to | | | | | | 50,000 | fr. |
| 17 | " | " | " | " | from | 50,000 to | 100,000 " |
| 25 | " | " | " | " | " | 100,000 " | 250,000 " |
| 21 | " | " | " | " | " | 250,000 " | 500,000 " |
| 12 | " | " | " | " | " | 500,000 " | 1,000,000 " |
| 10 | " | " | " | " | " | 1,000,000 " | 2,000,000 " |
| 5 | " | " | " | " | " | 2,000,000 " | 4,000,000 " |

A considerable proportion of them received, therefore, from 100,00, to 500,000 francs in loans ; a large number, about a third, had much more from half a million to 3,900,000 francs.

As we have seen, mutual agricultural credit, according to the Law of 1899, is based almost exclusively on advances from the State. The importance of the sums attributed to each of the banks is therefore an index that must not be neglected if the extension acquired by this form of credit in the different agricultural zones of France is to be estimated.

We see, for instance, that in the 6 regional banks which obtained loans not exceeding 50,000 francs are comprised nearly all the banks whose operations are confined to the mountainous districts (the banks of Corrèze and Corsica), where the cultivation is poor and semi-pastoral, or in the hilly districts where the average crop is wheat and a large part of the territory is covered with forests (Ille-et-Vilaine). These are the districts where the density of the population is lowest. Generally speaking, properties of average extent and small properties predominate here, as also the system of direct farming. The agricultural syndicates, the primary cells of the whole co-operative system, are very few in number here. Corsica has only 12 syndicates and 7 local banks, while the Department of the Corrèze has 13 syndicates and 5 local banks.

If we consider the group of regional banks which have received from 500,000 to 1,000,000 francs in loans, we see that their activity is spread over zones where cattle raising, dairy farming and cheese making societies prosper, and where there are a large number of agricultural syndicates. Let us take as examples, Upper Savoy, which has 183 syndicates and where the regional bank received loans to the amount of 637,000 francs, Lower Marne, where there are also 183 syndicates and the loans granted were 620,000 francs, Dauphiné, where the corresponding figures were 201 and 890,000, and Upper Pyrenees, a Department which is renowned

for its horse breeding. The operations of these banks extend also to the regions of the plains and hills where there are rich crops of cereals and productive vineyards. And, in this connection, we might cite the Departments of Indre-et-Loire, which counts 803 syndicates and received 820,000 frs., and Côte-d'Or, with 109 syndicates and 514,000 fracs.

The 6th. group includes the banks which received loans for sums varying from one to two million francs. These carry on their operations mainly in regions devoted to intensive vine cultivation. Gers has 72 syndicates and 120 local banks, the Department of Gironde 109 syndicates and 58 local banks, and this is a region renowned for its Bordelais vineyards, which are smaller in extent than those of Hérault but are in the first rank as regards the value of their products, since these reach 100 million francs, or $\frac{1}{11}$ of the total value of the vine produce of France. Other regional banks cover the great cattle raising districts like that of Maine (Sarthe), or rich cereal, beet, etc., crops, like Pas-de-Calais and Loire-et-Cher.

The 7 banks of the last group, which received loans from 2 to 4 million francs, mainly serve districts of rich cereal and industrial crops, as the bank of Beauce and Perche, districts of intensive mixed crops including cereals, potatoes, fodder, vines and fruit, as those of Seine-et-Oise and Seine-et-Marne, and those rich in vineyards as the bank of the South, serving five Departments, three of which are eminently vinegrowing, those of Aude, Gard and Hérault. The bank of the South received the highest amount in loans, namely, 3,861,000 francs.

Among the 212 local banks of the South, 74 belonging to the Department of the Aude, where there are 54 syndicates. This region is very rich in vineyards, which extend over 120,000 hectares and produce on an average 5 million hectolitres a year. The Department of Hérault, which includes the prosperous vineyards of Languedoc, the widest in extent in France since they cover 180,000 hectares and produce 12 million hectolitres a year, has 128 local banks and 73 syndicates.

In fact, if we consider the extent of subsidised mutual agricultural credit in relation to the agricultural conditions of the country where the institutions carry on their operations, and apart from historical factors, we see that the greatest development of this credit is in the zones devoted to cattle raising, the growing of industrial crops and the culture of the vine. And these are, in effect, the agricultural operations which require the largest advances of money.

3. *Advances to regional banks for long date collective credit (to co-operative societies).* — The advances granted by the State to the regional banks during the period 1908-1910 for the purpose of facilitating credit to the co-operative societies, in application of the Law of 1906, amounted to

4,405,840 francs. Out of 96 banks, 41 benefited by these loans, which were distributed in the following manner :

| | | | | | |
|--|---|---|---|---|--------------------------|
| 20 regional banks received loans up to | | | | | 50,000 Fr. |
| 7 | " | " | " | " | from 50,000 to 100,000 " |
| 8 | " | " | " | " | " 100,000 " 200,000 " |
| 2 | " | " | " | " | " 200,000 " 300,000 " |
| 2 | " | " | " | " | " 300,000 " 400,000 " |
| 2 | " | " | " | " | " 400,000 " 500,000 " |

Among the regional banks which received the largest sums were those whose circumstances include a very large number of social dairies and cheese factories, wine vaults and distilleries. Thus, the regional bank of Upper Savoy received 379,500 francs and granted loans to 16 *fruit growers* for sums varying from 6,000 to 60,000 francs, the Bank of Upper Normandy, which includes a part of the Lower Seine, received 475,000 francs and granted loans of 80,000 francs each to the dairies of Ancourt and Nolleval, as well as 140,000 francs to the distillery of Anneville-sur-Seine. The banks of Var and the South, which, as we have seen, have very rich vine and oil farms in their districts, received respectively 362,535 and 422,700 francs.

The following shows the loans granted by the regional banks to the agricultural co-operative societies from the putting into execution of the Law of 1906 :

| | At the end of 1909 | At the end of 1910 | In the course of 1910 |
|---|-----------------------|-----------------------|--------------------------|
| Co-operative Societies which received loans | 65 | 131 | 66 |
| Number of members | 6,415 | 16,497 | — |
| Paid up Capital | 1,351,204 | 2,721,245 | — |
| Loans received | 2,122,775 | 4,405,840 | 2,283,065 |

The 131 co-operative societies which received loans up to the end of 1910 were divided in the following order:

| | |
|--|----|
| Dairies and butteries | 29 |
| Fruit growing and cheese making | 26 |
| Co-operative wine societies | 29 |
| Co-operative wine and oil societies | 5 |
| Co-operative oil societies | 5 |
| Distilleries | 11 |
| Starch factories | 2 |
| Co-operative societies for the utilisation of agricultural machinery (threshers) | 17 |
| Different co-operative societies | 7 |

The interest received by the regional banks for these loans was generally 2 % : some of them even reduced it to 1.50 % and 1 %. According to the law, the duration of these loans should not be more than 25 years : in fact, it is generally not more than 15. Up to December 31st., 1910, the co-operative societies had not made any repayments, because the Commission had thought it advisable to leave them an interval of three years before beginning to pay the first instalments. In the course of 1911, however, certain societies began to pay in these sums.

The writer of the Report further recommends the regional banks to repay these loans regularly, and he cites as an example a small vine-growing society of Var, the co-operative society of Brue-Auriac, which thanks to the good crops in this zone and the high price of wine in 1910, has succeeded in completely repaying a loan of 16,400 francs which it had received in 1909 and which was to be repaid in 15 years.

4. *Loans granted to regional banks for long date individual credit.* — The advances granted by the State to the regional banks for the purpose of facilitating, in application of the Law of 1910, which did not enter into force until the end of that year, the purchase and improvement of small properties, reached, as we have seen, 2,329,000 francs ; this sum was divided between 28 banks, in the following manner :

| | |
|-------------------------------|---------------------------|
| 17 banks received loans up to | 50,000 Fr. |
| 6 " " " " from | 50,000 to 100,000 " |
| 5 " " " " " | 100,000 " 200,000 " |

The banks which obtained the largest sums were those of Dauphiné, Ile-de-France, Marne, Indre and Vendée.

Out of the 28 banks which were subsidised, there were 14 which granted 205 loans for 864,190 francs, or an average of 4,215 francs per loan. The highest average was furnished by the loans granted by the regional bank of Maine. The average amount of five of these loans was, in fact, 6,448 francs.

In the official Report it is pointed out that the first trials in this new service of the regional banks were not accomplished without first overcoming great difficulties. The banks did not pay sufficient attention to the import of the Law ; they did not remark that, for this new branch of credit the administration could only dispose of two-thirds of the sum paid by the Bank of France, that is to say, of 3 or 3½ millions a year. It was believed, also, that the object of the Law was to put funds at the disposal of any class whatever of farmers, in order that they might enlarge and improve their property, or free themselves from a mortgage debt. In fact, the regional banks presented such a quantity of demands, especially from persons desiring to get free from old debts, that hundreds of millions would

have been necessary to satisfy them. Now all the demands could not be granted, not only because the special advances were insufficient, but also because many of the demands were not of the nature aimed at by the Law. As the Minister pointed out "the law proposed first of all to keep on the land young men desirous of settling themselves on it, by putting at their disposal the sum which would allow them to acquire a small farm, or to enlarge or improve that which they already possessed. The loan for clearing off a mortgage could only be granted as an exception".

The writer of the Report then recommends the regional banks to keep scrupulously to these criteria when they are considering demands for loans.

On the other hand, it is claimed on various sides that larger funds should be voted for this purpose. At the Congress of Agricultural Syndicates held not long ago at Evian-les-Bains (1) an order of the day was voted demanding that the regional banks might take for this purpose the money necessary for them from the National Old Age Pension Fund, like the Land Credit Societies instituted by the Law of 1908 on small properties (2).

However that may be, the writer of the Report, in consideration of the rapid increase of the demands, undertakes, when the loans at present being granted lead to the expected results, to arrange that new resources be assigned to the regional banks so that they may accomplish their task on a larger scale.

5. *Resources of the regional banks.* — The resources of which the regional banks make use for the normal operations authorised by the Law of 1889 may be classed as follows :

| | |
|--------------------------------------|----------------|
| Paid-up capital | 15,912,801 Fr. |
| Reserve fund | 2,868,544 „ |
| State loans | 50,442,585 „ |
| Average amount of deposits | 2,200,000 „ |

Total . . . 71,423,930 Fr.

against 61,823,926 francs in 1909.

Altogether, at the end of 1910, the subscribed *capital* was only 17,493,225 francs, and the paid-up capital 15,912,801 francs, which is not a very large amount when compared with the State loans, which up to the same date amounted to 50,442,585 francs.

The contributions of the local banks amounted to 9,800,223 francs, or about $\frac{2}{3}$.

As far as the banks are concerned, their paid-up capital varies from a minimum of 7,175 francs (Ille-et-Vilaine) to a maximum of 1,021,400 frs.

(1) See: *Bulletin of Social and Economic Intelligence*, October, 1911, p. 43.

(2) See *Bulletin of Social and Economic Intelligence*, December, 1910 pp. 274 and 320, and October 1911, p.

(South). About half of the banks have a paid-up capital of less than 100,000 francs ; for 22, the sum varies from 100,000 to 200,000, for 6, from 200,000 to 300,000, for 8, from 300,000 to 500,000, for 5, from 500,000 to 700,000 and for 3, from 700,000 to a million francs.

Among those with the largest paid-up capital, if we do not take into consideration the extent of their field of action, are the banks which, as we have seen, received the largest sums in loans. These loans are, further, in proportion to the paid-up capital. Thus, for instance, the banks of Beauce and Perche have a paid-up capital of 826,000 francs, those of Marne, Aisne and Ardennes 937,000 francs, and that of the South 1,021,400 francs.

The *interest* paid to their shareholders by these regional banks varies from 3 to 4 %. A third of them give 3 %, another third $3\frac{1}{4}$ or $3\frac{1}{2}$ %, and the last third 4 %.

On December 31st., 1910, the *deposits* received by the regional banks amounted altogether to 16,632,208 francs. The average credit balance was from 2,253,602 to 2,604,106 francs. Writers on this question deplore the fact that the banks have not tried to get in a larger number of deposits, which, if they were to be added to the property of the banks, would constitute the basis of their assets and would permit them to gradually free themselves from the necessity of the financial intervention of the State.

The amount of the deposits, however, tends to increase ; in fact, in 1906 the amount of the deposited funds was only 6,721,369 francs, and the average credit balance varied from 591,529 to 829,519 francs.

6. *Discounts and loans.* — The discounts and loans made in 1910 by the regional banks, including the renewals, which amounted to 62,656,690 frs., reached the sum total of 130,865,263 francs against 123,222,174 francs in 1909. Without counting the renewals, the situation of the regional banks in 1910 may be summed up as follows, in comparison with 1909 :

| | 1910 | 1909 |
|---|-------------|-------------|
| | francs | francs |
| Direct loans for working capital | 1,251,220 | 1,480,180 |
| Loans in the form of discount of bills representing new loans | 66,957,353 | 61,262,856 |
| Loans made before the end of the previous year | 40,971,508 | 38,022,643 |
| Total . . . | 109,180,081 | 100,765,679 |
| Repayments received during the year . . | 59,887,572 | 59,502,996 |
| Loans running at the end of the year . . | 49,292,509 | 41,262,683 |

This comparison between the situations of the two years shows that the loans granted for the purpose of forming a working capital decreased by nearly 230,000 francs, while the loans in the form of discount increased by 5,694,397 francs. If the repayments were not very large in 1910 and exceeded by a little only those of 1909, that fact is due to the bad crops all over France in 1910.

The short date loans granted in 1910 to the syndicates and other groups of farmers are included in the above figures, and amounted to about 12 $\frac{1}{2}$ millions.

If the loans granted in 1910 for discounting new bills be taken into account (it is well known that the discounting is the most important of the operations of the regional banks), the figure of 66,957,353 francs may be divided among the banks as follows :

| | | | | | |
|---|---|---|---|--------|-----------------------|
| 8 regional banks discounted bills up to | | | | | 50,000 |
| 41 | " | " | " | " from | 50,000 to 250,000 |
| 16 | " | " | " | " " | 250,000 " 500,000 |
| 14 | " | " | " | " " | 500,000 " 1,000,000 |
| 12 | " | " | " | " " | 1,000,000 " 3,000,000 |
| 4 | " | " | " | " " | 3,000,000 " 8,000,000 |

Among the banks which discounted the largest sums were those of Gironde (2,294,203), Beauce-et-Perche (4,744,023), Cher (4,352,692), and the South (8,363,000), which, as we have already seen, have districts covered with rich crops and extensive vineyards.

If we add the normal operations of the regional banks to the extraordinary ones mentioned above, we have

| | |
|---|------------------------|
| Loans granted for current operations (Law of 1899) | 109,180,081 Fr. |
| Loans granted to co-operative societies (Law of 1906) | 2,284,265 " |
| Individual long date loans (Law of 1910) | 864,190 " |
| Total | 112,328,536 Fr. |

7. *Rate of discount.* — The greater part of the regional banks (55) have adopted a rate of 3 %, 3.50 % (20) and 3.25 % (10) ; 3 that of 4 % ; and 5 of 2%. The banks thus tend to adopt a discount rate not inferior to that of the Bank of France, in conformity with the desire of the Supervision Commission.

8. *General expenses.* — These, from 304,017 francs in 1909, rose to 357,567 francs in 1910. If these figures are put into relation with the

total business of the year (112,328,536), including the money engaged in the individual short date credit operations (109,180,081), that engaged in long date credit (864,190) and the new long date loans granted to co-operative societies (2,284,265), we have an average proportion of 0.318 francs % of the loans, against 0.301 francs in 1909. This increase was caused by the delicate organisation of the individual short date loans inaugurated in 1910. The writer of the Report, however, shows that certain regional banks are too extravagant in their expenditure, and he advises greater severity, in order that the sums intended for the reserve fund may not be decreased.

9. *Reserves.* — The reserve funds, which were 2,868,544 francs in 1909, rose to 3,749,689 francs in 1910, being an increase of 881,145 francs.

II. — LOCAL BANKS.

The development of subsidised agricultural co-operative credit appears still better if the business of the local banks be examined.

When it is considered that these fundamental organs of agricultural credit, which started scarcely ten years ago, have passed the following stages:

| | Banks | Members |
|----------------|-------|---------|
| 1901 | 309 | 7,998 |
| 1905 | 1,335 | 61,874 |
| 1910 | 3,338 | 151,621 |

the vitality of the system will be seen.

In the meanwhile, let us see the operations carried out by the local banks in 1909-1910 (1):

(1) The loans granted by the local banks to farmers, after the deduction of those which had been made before the end of the previous year, are divided in the following manner for the period 1900-1910:

| | | | |
|----------------|------------|----------------|------------|
| 1900 | 1,910,456 | 1905 | 31,459,000 |
| 1901 | 5,170,045 | 1906 | 37,141,000 |
| 1902 | 14,302,651 | 1907 | 45,376,000 |
| 1903 | 22,451,167 | 1908 | 61,310,000 |
| 1904 | 30,235,063 | 1909 | 63,742,000 |
| 1910 | 70,533,300 | | |

| | 1909 | 1910 | Increase |
|--|-------------|-------------|-----------|
| Number of local banks | 2,983 | 3,338 | 355 |
| Number of adherents | 133,382 | 151,621 | 18,239 |
| Subscribed capital. | 13,111,206 | 14,210,598 | 1,099,392 |
| Paid-up capital | 8,470,754 | 9,916,611 | 1,445,857 |
| New loans granted during the Year; not including renewals | 63,742,093 | 70,533,340 | 6,791,247 |
| Loans running at the end of the previous Year. | 40,126,197 | 42,671,323 | 2,545,126 |
| Total . . . | 103,868,290 | 113,204,663 | 9,336,373 |
| Repayments received . . . | 60,889,309 | 61,388,806 | 499,497 |
| Loans running on Dec. 31st . . . | 42,978,981 | 51,815,857 | 8,836,876 |

The new loans granted in 1910 exceeded those of 1909, therefore, by 6,791,247 francs. The high total of the loans already running is due in large part, as we have already said, in regard to the regional banks, to the bad crops of 1910.

The official Reports do not show the amount of the capital, operations, etc. of each bank, but are limited to supplying this information as a whole for the local banks affiliated to each regional bank.

The Departments which have the largest number of banks are the *Lower Pyrenees* (364 banks, 18,102 members, paid-up capital 297,975 fr., new loans granted in 1910, 1,572,715 fr., reserve, 26,511 fr.), the *Upper Pyrenees*, (145 banks, 3,990 members, paid-up capital, 265,047 fr., loans 287,549 fr., reserve, 7,589 fr.), the *Hérault* (128 banks), and the *Aude* (74 banks). The local banks of these two last Departments form part of the regional bank of the South, which has 212 banks. These 212 banks have 14,557 members and a paid-up capital of 470,825 fr.; they have granted 8,383,310 fr in loans and their reserve fund is 157,257 fr.

The following are among the local banks which have granted the largest number of loans :

| REGIONAL BANKS | Number of local banks | Number of members | Paid-up capital | Loans | Reserve |
|---|-----------------------------|-------------------------|--------------------|-----------|---------|
| <i>South</i> (Departments: Ardèche, Aude, Garde, Herault, East Pyrenees) | 212 | 14,557 | 470,825 | 8,383,310 | 157,257 |
| <i>Beauce et Perche</i> (Eure-et-Loire, Eure, Seine-et-Oise, Orne) . . | 24 | 4,025 | 477,280 | 4,744,023 | 109,723 |
| <i>Maine</i> (Sarthe) | 54 | 3,464 | 467,800 | 3,122,183 | 42,553 |
| <i>Cambresis</i> (Nord) | 17 | 1,720 | 260,475 | 2,841,729 | 98,500 |
| <i>Marne, Aisne, Ardennes</i> | 62 | 3,977 | 392,020 | 2,840,069 | 64,293 |
| <i>Seine, Oise, Seine-et-Marne</i> . . | 31 | 1,575 | 623,901 | 2,424,002 | 25,023 |
| <i>South-East</i> (Ain, Ardèche, Drôme, Isère, Loire, Upper-Loire, Rhône, Saône-et-Loire, Savoy, Upper-Savoy) | 119 | 3,896 | 192,953 | 2,348,188 | 37,883 |
| <i>Gironde</i> | 58 | 2,826 | 357,090 | 2,306,418 | 34,493 |
| <i>Centre of Normandy</i> (Calvados) . | 33 | 2,028 | 169,150 | 2,208,455 | 21,222 |
| <i>Avignon</i> (Vaucluse, Lower-Alpes, Bouches-du-Rhône, Gard, Var) . | 16 | 789 | 11,322 | 2,019,601 | 6,905 |

The above figures show that the capital of each bank is very limited and that the greater number of them work by the aid of credit supplied by the regional banks; the reserve is also very small. The general rate of interest varies from 2 % to 5 %, but 3 and 3.50 % predominate. The discount rate oscillates between 3 and 5 %, 3 and 3.50 % being the most usual. The banks generally pay 3 % also to the regional banks.

The official statistics do not give any information in regard to the deposits of the local banks.

III. — GENERAL RESULTS.

The foregoing statement shows that the results obtained during the first ten years of mutual subsidised agricultural credit are very encouraging. The fundamental organs of the system, the local banks, are continually developing and respond better every day to the needs of agriculture.

During the period 1900-1910 credit to the extent of about 384 millions was put at the disposal of the farmer, and the two millions granted in 1900 had risen to 70 millions in 1910.

There are in this, as in every other system, some defects which arise from the eternal conflict due to the necessity for the financial intervention of the State and the difficulty of maintaining a just and strict estimation in the granting of capital without enfeebling private initiative, the feeling of responsibility of the administrators, and the constant endeavour to form a reserve fund, which is the essential basis of a free and independent existence. The very promoters of the system, MM. Méline and Sagnier, have often observed that the large sums put at the disposal of the State by the Bank of France for agricultural credit might be the cause of serious danger and arouse a tendency in the agricultural world to believe that the resources were inexhaustible, and the advances made to the various organs were granted in perpetuity.

Some of the inconveniences which had been foreseen have been verified, as the official Reports testify. It is to be deplored that many of the regional banks do not concern themselves sufficiently in the matter of the repayments which should be made every five years, or in constituting resources of their own — in addition to the reserve which is slowly formed — by means of a larger accumulation of deposits and by the issue of bank bonds.

The result of an inquiry made in 1909 by the Agricultural Credit and Co-operation Service in the recent volume "Ten years of agricultural credit," shows that out of 95 regional banks which are in existence, only 45 had deposits for a total sum of 16 millions; and 14½ millions of this amount, that is, practically the whole of it, were divided between 11 of the banks. The amount of the deposits made with the local banks is not known, but it is certain that it is not high.

As the credit banks have some difficulty in meeting their engagements, and as also they have not sufficient resources, all those who remember that the loan of 40 millions accorded to the State by the Bank of France expires in 1920 are seriously concerned in regard to this situation. It is certainly true, they agree, that the funds formed by the annual payments of the Bank of France still remain, and that these in fact represent double the estimated amount of 2 millions, but it must not be forgotten that the demands for credit are continually increasing, and that, in order to carry on the new long date operations as authorised by the laws of 1906 and 1910, the regional banks will need to have recourse to these funds.

In order to repair these inconveniences, it is maintained that greater supervision and a stricter control should be kept over the management of the credit banks, and that the latter should be more energetic in their endeavour to attract the deposits which would enable them to constitute resources of their own and to prepare for an independent existence. In the meanwhile, the Ministry of Agriculture recently organised and reinforced the inspection and control service of all the mutual credit banks and agricultural co-operative societies which have received loans.

§ 3. *Independent mutual agricultural credit and its results during 1900-1910.*

In our brief consideration of the development of agricultural credit in France, we have seen that side by side with the subsidised organs of mutual credit, there are mutual credit institutions which have kept their self government, remaining independent of all financial assistance from the State.

We will now rapidly examine their nature and the results obtained by them during the last few years.

1. *Rural banks of the Raiffeisen-Durand type.* — These banks, of which Louis Durand was the fervent apostle, are based solely on the Raiffeisen type, and their Catholic character is well marked. Their character, in fact, has been confirmed in a striking manner of late, on account of the tendency of some dissentients who wished to install the principle of neutrality.

From the juridical point of view, these are societies with variable capital governed by the Law of 1867; their members do not possess any shares nor receive any dividends.

The societies use their deposits as a working capital, together with money borrowed either from their adherents or from outsiders, and the profits which have accumulated and which form the reserve; when these sums together reach a quarter of the capital that is held to be necessary for the management of the society, the rate of the loans is lowered to a point which allows of the expenses being generously covered. Loans are granted to the members only, who are usually small proprietors and farmers, for a determinate purpose which is approved in each case by the Board of Management.

If, therefore, there are rich persons belonging to the bank, who assist it when necessary, the basis is still always the co-operative and professional element.

Loans are granted on personal guarantee and on mortgage, often for very long periods; the repayments are made yearly, and the interest varies from $4\frac{1}{2}$ to $5\frac{1}{2}$ %. The rate on deposits varies from 2 to $3\frac{1}{2}$ %.

The members are responsible for the obligations of the society to outsiders, to the extent of the whole of their possessions.

The rural banks have adopted as their own the Communal district and are united in regional or diocesan groups called central banks, which are the organs of propaganda and control, and in addition receive money from the richer banks to lend to the more necessitous, thus acting as credit and savings banks.

There are many of these groups: amongst others we may mention that of Champagne, which includes 64 banks, Lower Loire, (57 banks), Pas-de-Calais (49 banks), etc.; and they are continually increasing.

The rural banks are also attached to a great central Federation founded by M. Louis Durand and still presided over by him. This is the *Union of the Rural and Workmen's Limited Liability Banks*, the headquarters of which have been transferred from Lyons to Paris. The development of the Durand banks has been very rapid and prosperous, and they tend to spread through the whole of France. Their number has grown from 17 in 1893 to 443 in 1905 and 672 in 1910, which figure, according to the Union, does not by any means represent the actual total, because many of the banks do not trouble to return the papers sent out to be filled in.

The following is the situation of the banks which sent in their balance sheets for 1909-1910:

| | 1909 | 1910 |
|---|---------------|---------------|
| Number of banks which have sent in an annual report of their operations and which are included in these statistics. | 657 | 672 |
| Number of members | 25,078 | 28,279 |
| Total Business Done frs. | 17,891,907.86 | 19,241,963.87 |
| <i>Assets</i> | | |
| Numbers of loans running on December 31st. | 8,644 | 9,396 |
| Total assets frs. | 10,754,283.27 | 12,569,915.10 |
| <i>Liabilities</i> | | |
| Number of depositors | 8,365 | 9,403 |
| Sum total of deposits frs. | 9,715,160.75 | 11,300,450.74 |
| Borrowed from central or regional banks. » | 789,893.27 | 935,216.86 |
| Total liabilities » | 16,505,054.02 | 12,235,667.60 |
| Profits. » | 98,524.47 | 49,124.60 |
| Losses. » | 607.94 | 1,069.62 |
| Number of doubtful debts » | 14 | 14 |
| Sum total of doubtful debts frs. | 3,277.83 | 5,506.27 |

The figures of 1910 mark a considerable progress on those of the previous year. The basis of the active operations is almost essentially constituted by the deposits; the rural banks have had recourse to the central banks for a small amount only, and the resources of the central banks are, for that matter, almost entirely formed of the deposits of the rural banks. Given the uncertainty of the statistics of these societies, it is not easy to calculate the sums that they have been put at the disposal of the small farmer up to the present. According to an approximate estimate by M. Sagnier, in the course of the five years from 1894 to 1908 they granted about 65 million francs.

2. *Mutual banks of the Rostand type.* — Being enamoured of the idea of directing local savings towards local work, Eugène Rostand persuaded the Savings Bank of Bouches-du-Rhône, of which he is the chairman, to institute mutual local banks and to support them by means of loans.

The Law of 1895, which authorised the savings banks to use a part of their capital for agricultural credit, allowed this institute to assign 20,000 francs to the local banks as loans. Thus during the period from 1894 to 1909 there were 22 of these banks constituted, some of which are subject to the Méline law and others, of the Raiffeisen type, to the law of 1867.

The loans granted by the Savings Bank of Marseilles vary from 1,000 to 6,000 francs, and for the year 1909 amounted to a total of 45,000 francs.

The importance of this Bank's operations is continually increasing; in 1901, 178 loans to the amount of 82,326 francs were made by 10 of these banks, while this figure had risen to 188,177 francs for 1909. It is calculated that during the period from 1901 to 1909 the banks have distributed 1,142,663 francs to farmers.

Out of the sum of 41,200 francs paid to them by the Savings Bank, the local banks have repaid 32,075 francs, which shows that they have found in their own resources, that is to say, in their deposits, sufficient means for insuring the development of their activities.

3. *Co-operative agricultural credit banks.* — Amongst the credit institutions which have sprung up spontaneously, the co-operative agricultural credit banks based on the principle of the solidarity of all the members, must not be forgotten.

These banks are particularly developed in the Department of the Maritime Alps, thanks to the initiative of the Popular Bank of Mentone, directed by M. Rayneri, and the *Central Federation of Popular Credit*.

These societies cannot issue any shares, and their members do not make any payments, but they are liable for the obligations of the bank to the extent of all their possessions. Their resources are constituted by the deposits, loans, and rediscounting of bills with the Popular Bank of Mentone, which exacts a rate of 4.0%.

In consequence of their development, a regional bank was founded in 1899 at Mentone, in conformity with the Law of that year, called the Regional Bank of the Maritime Alps. The co-operative banks then started in the line of credit subsidised by the State, and have in this way maintained a greater vitality.

In 1910 the banks affiliated to the Regional Bank of Mentone numbered 20, with 1,268 members; their capital amounted to 34,000 francs, and the bills received represented 724,819 francs, whereas the bills discounted with the Regional banks only amounted to 266,515 francs.

4. *Other agricultural credit societies.*— In addition to the groups that we have mentioned, there are some isolated institutions of co-operative credit which have kept their independence.

Among these we may mention especially the *Mutual Credit Society of Senlis* (Oise), a society with a variable capital, founded in 1885; its essential aim is to facilitate wholesale purchase by its members, and cash payment for the animals, manures, etc., bought. It also grants loans to its members for 3 or 6 months at a low rate of interest.

Its subscribed capital was 100,000 francs at the time it was founded; a quarter of this only was paid up and was deposited as a current account with the Bank of France. The society was responsible to the latter for the three fourths that remained to be paid up. It was also allowed discount with the Bank with two signatures only, and has worked in accordance with this system up to the present. Its capital is 200,000 francs. The business done in 1908 was 373,000 francs, the loans granted reaching a sum total of 438,000 francs. Of late years it has paid an interest of 5% on the paid-up capital, and has obtained fixed reductions in the purchasing tariff.

The *Agricultural Bank*, founded in 1898 at Boulogne-sur-Mer among the members of the Syndicates of that country, is of a similar type. The Bank is under the régime of the Law of 1894; its capital is 100,000 francs, divided in 200 shares of 50 francs each, and a fourth of the whole is paid-up. One of its main objects is that of facilitating the purchases made by the adhering Cantonal syndicates; the only direct recourse which the farmers have to it is for payment for manure, etc., supplied to it by the syndicates. It discounts its bills with a local bank.

The development of this Bank is remarkable. In 1898 its discounts only amounted to 1,300 francs, while in 1903 this sum had risen to 44,000, and in 1909 to 331,000 francs. The sum total of the discounts from 1898 to 1909 is estimated at 1,734,000 francs.

II. -- RECENT NEWS.

I. — Work of Federations and Central Co-operative Institutions.

Output of the Co-operative Dairies of the Departments of the Charentes and of Poitou in 1910. — The reader of this Bulletin is already acquainted with the intense co-operative movement which for some years has been developing amongst the cattle-breeders of the Charentes and Deux-Sèvres, and which has restored prosperity to those regions, devastated by the scourge of phylloxera.

This movement is connected with the powerful *Association centrale des laiteries coopératives des Charentes et du Poitou* (Central Association of the Co-operative Dairies of the Charentes and of Poitou). Let us now examine the work done by these federated co-operative societies in 1910 as shown in their report published in the official organ of the Association.

1. *Number of Societies and Members.* — In 1909 there were 115 dairies with 69,813 members, in 1910 the number of the dairies had risen to 126 with 73,770 members ; the average number of members per dairy has remained almost stationary ; from 600 it has descended to 585.

In Deux-Sèvres there are 26,191 members, in Lower Charente 20,319, in La Vendée 11,678. The society which possesses the largest number of members is that of Saint-Michel-en-l'Herm (Vendée) which has 2,054, while the smallest number is in a society of Deux-Sèvres with only 40 members.

2. *Number of Milch-Cows.* — In 1908, the total number of milch-cows was 165,021; in 1909, they reached a total of 176,689 and in 1910 of 193,581 : last year there was an average of 2.61 cows to each member, and of 1,536 to every dairy. In Deux-Sèvres the numbers vary from 1.33 to 4.59 for each member, and from 150 to 4,000 cows for each dairy ; in Lower Charente from 1.55 to 4.91 each member, and from 400 to 2,700 each dairy; in La Vendée from 1.60 to 3.33 each member, and from 450 to 4,400 each dairy.

The federated dairy which possesses the largest number of cows is that of Dangé (Vienne); (6,663) and the members are 1,247 thus giving 5.32 cows to each associate.

3. *Produce of Milk.* — In 1910 the federated dairies received 307,806,097 litres of milk, showing an increase of 25,656,020 litres over the quantity received in 1909, and 61,500,000 over that in 1908. In these two years therefore there was an increase of 20 %.

The production of milk in 1910 is as follows :

| | | |
|-----------------------------|--------------------|----------|
| Deux Sèvres | 109,909,363 litres | (36.6 %) |
| Lower Charente | 87,483,319 „ | (27.4 %) |
| Vendée | 49,961,040 „ | (16.2 %) |
| Other Departments | 60,452,375 „ | (19.8 %) |
| Total | 307,806,097 „ | 100.0 % |

The annual average per dairy is as follows :

| | |
|-----------------------------|------------------|
| Deux Sèvres | 2,156,031 litres |
| Lower Charente | 1,901,811 „ |
| La Vendée | 3,122,565 „ |
| Other Departments | 2,878,684 „ |

The dairy which has had the largest supply of milk is that of Dangé (Vienne) = (9,885,192 litres), and this dairy, as already mentioned, possesses a greater number of cows than any other.

If we consider the quantity of milk produced in proportion to the number of cows, we find the average annual produce to be 1,590 litres per cow; that of Deux-Sèvres 1,660, of Lower Charente 1,950, of Vendée 1,620. This computation gives an increase of from 50 to 100 litres over the average of 1908.

The writer of the article we quote justly observes that these figures are only of relative importance, because the quantity of milk is not the chief factor in its value, especially when considered in connection with the butter industry. Richness in fatty matter and the total annual production of butter are the grounds on which to estimate the value of a milch-cow. Dairy societies should always keep this principle in mind, and the best way to put it in practice would be to pay for the milk according to the amount of fatty matter it contains ; but as the state of things is scarcely ripe for this system, the Association adopts temporary measures, and especially promotes competitions in butter-making.

4. *Butter Made.* — The federated co-operative societies in 1910 made 14,621,822 kgs. of butter, an increase of over one million kgs. over the product of 1909.

Data per Department ;

| | | |
|-----------------------------|--------------------|---------------|
| Deux-Sèvres | 5,476,213 kgs. | 37.5 % |
| Lower Charente | 3,920,926 „ | 26.8 „ |
| Vendée | 2,381,171 „ | 16.3 „ |
| Other Departments | 2,843,512 „ | 19.4 „ |
| | <hr/> 14,621,822 „ | <hr/> 100.0 % |

The general average yield is 1 kg. of butter for every 21.04 litres of milk ; one department differs from another according to breeds etc. For instance, in Deux-Sèvres 20.09 litres are the average for one kg. of butter, in Lower Charente 22.31, in Vendée 20.98, in the other departments 21.26.

The dairy which has the highest output of butter is that of Deux-Sèvres, employing 4,180,661 litres of milk of 2,330 cows ; the lowest output is that of Lower Charente with 3,020,070 litres of milk of 1,200 cows ; these figures representing respectively averages of 1,794 and of 2,516 litres per cow. In the first instance the annual production is 98,100 kgs. of butter per cow ; in the second 105,700.

It is desirable to note that the butter of Charente was sold for 2.77 frs. per kg., that of Deux-Sèvres at 3.05 frs. per kg. ; showing that the yield of a cow of the first is equal to 299.80 francs while that of a cow of the second does not exceed 293 francs. It is to be understood that these figures do not include the value of the separated milk.

The annual average yield of butter per cow and department is as follows :

| | |
|--------------------------|------------|
| Lower Charente | Kgs. 89.05 |
| Deux-Sèvres | „ 82.66 |
| Vendée | „ 77.42 |

As three or four years ago the average varied from 70 to 72 kgs., the advance is remarkable, but, as our authority remarks, "there is still a long way to go" before reaching the yield due from each cow (the conditions of the region being taken into consideration), that is 110 kgs."

To arrive at this end, he recommends cow-keepers to note carefully how much each animal produces, so as to be guided in selection; besides he advises a complete change in the winter feeding of milch-cows, that it should be plentiful, consisting largely of oil-cake.

5. *Market Price of Butter.* — In 1910 high prices were maintained, the general average for all the dairies being 2.81 francs per kg. In Deux-Sèvres the medium price was 2.87 francs, an increase of 0.09 francs above that of the preceding year ; in Lower Charente 2.75 francs (2.57 in 1909) in Vendée 2.86 francs (4.68 in 1909).

6. *General Expenses.*— With the increased production, general expenses have proportionally diminished. Balanced against the amount of the sales, they did not exceed an average of 12.04 % and if to this be added the value of the separated milk at about 2.50 francs the hectolitre, they are reduced to 10.5 %.

General expenses vary according to locality, and fluctuate between a maximum of 0.37 francs and a minimum of 0.005 francs; they amount to 0.0172 for Deux-Sèvres, to 0.0112 for Lower Charente and to 0.014 for la Vendée. These differences depend almost exclusively on the railway rates, etc.

7. *Net Produce.*— The year 1910 was from all points of view exceptionally favourable for the butter industry. If to this be added the output of cheese, every litre of milk yielded 0.1583 francs net in Deux-Sèvres, 0.1370 in Lower Charente, and 0.1434 in Vendée, always placing the value of separated milk at 2.50 francs the hectolitre.

The article from which we quote concludes by showing how admirably the cheese industry helps that of milk; for milk which has been subjected to centrifugal machinery is worth at least one centime and a half more or 11 % of the total value of the milk. When this industry is wider spread, as there is reason to hope it will be, the agriculturists of the district may realise, besides the ten millions produced by butter, nine millions more from separated milk, five millions of which sum will come from cheese.

(Summarised from *Industrie du beurre*, Niort, 3rd Sept-15th Nov., 1911).

2. — Miscellaneous Information.

1. *Co-operative Agricultural Flour-mill at Condom (Gers).*— In the Bulletin of December, 1910 we referred to this interesting effort of co-operation, which in France is an innovation in this trade; but before relating the results obtained by the society in the third year of its existence, it may be desirable to recall to the reader the general outlines of its working.

It was founded with a capital of 25,000 francs (which has since risen to 34,750 francs) divided into 1,000 shares of 25 francs, the interest on which is limited to 4 per cent. The Commission appointed to distribute agricultural credit loans granted the society a loan of 60,000 francs, of which it has already repaid 11,538 francs. The co-operative society at Condom, has from its foundation brought to perfection direct relations between producer and consumer by selling wheat in the form of bread. It has a mill

with five silos in reinforced concrete, three ovens and dépôts for the sale of bread in the neighbouring communes.

The society exchanges the wheat of its members for bread tickets at the rate of 72,500 kilogrammes of bread for 80,000 of wheat. Its work is producing excellent results, and its trade is continually increasing.

According to the report of 1910-11, the mill received in that period wheat to the following amount:

| | |
|--|----------------|
| 1. Wheat exchanged for bread | 848,040 Kgs. |
| 2. Wheat paid for in ready money | 254,742 „ |
| 3. Wheat received to be ground | 279,967 „ |
| Total . . . | 1,382,749 Kgs. |

that is about 17,200 hectolitres.

The returns have been satisfactory:

| | | |
|------------------|---------|-------|
| Flour | 72 Kgs. | 149 % |
| Refuse | 26 „ | 626 % |
| Total . . . | 98 „ | 775 % |

The bakery connected with the mill has made 862,517 Kgs. of bread that is 2,400 Kgs. per day. Each loaf weighs 700 grammes. The average price of the bread has been 32 centimes per kilogramme.

The balance-sheet shows a profit of 15,000 francs after payment of all expenses, including the annual repayment made on the loan advanced by the regional bank of agricultural credit at Gers.

But it is of special importance to point out that the members of the society who have sent their wheat to the mill have received a balance of 2.50 francs per hectolitre of 80 kilogrammes, and that they have sold their wheat at the rate of 30.62 francs per quintal.

(Summarised from the *Journal d'Agriculture pratique*. Paris, 12th. Oct., 1911 and the *Annales des Mutualités et de la Co-opération agricoles*. Paris, Dec., 1911).

* * *

2. A Co-operative Society for the Production of Seed was formed last year among some agriculturists of Pas-de-Calais. — Its object is:

(1) to produce selected seeds from well known varieties which have been tried in that district;

(2) to try new varieties which are to be introduced;

(3) to encourage the sale of seeds thus obtained by guaranteeing their authenticity;

(4) to ensure cultivators against impure seeds, and against the purchase of varieties which they already possess, offered under another name.

The society has opened shops at Château d'Eau and at Arras, and their seed is of excellent quality. The seeds sold are the result of careful cultivation, and are produced from seeds approved by a special commission appointed to examine the land sown, to assure themselves of the progress of growth, and as far as possible to see that the plants are free from cryptogamic diseases.

When the said commission has approved of the crops, the seeds are selected according to their size and density. This is effected by means of a Marot sorting machine which is furnished with cells so arranged as to eliminate all the small seeds and those of any other species. The larger seeds are then passed through an air turbine, which separates them according to their density and they are finally examined and analysed by the Agromonomical Station of Pas-de-Calais.

(Summarised from the *Annales de la Mutualité et de la Co-opération agricoles*, Paris, Nov., 1911).

* * *

3. **Agricultural Syndicates and Re-afforestation.** — The propaganda in favour of re-afforestation in France is increasing in activity, especially since the last inundation by which much fertile land was devastated. A bill tending especially to encourage the restoration of forests has been submitted to Parliament (1): various technical associations have been formed with the view of keeping the movement alive, and of facilitating the solution of this important problem.

There is, however, a class of agriculturists firmly opposed to this propaganda: viz: small proprietors who are, as is well known, very numerous in France. The small pieces of land they possess here and there which are not adapted for cultivation, remain bare, while they might be covered with trees, and thus acquire a certain value.

The agricultural syndicates, those first germs of all the systems of association to which French agriculture owes so much, have begun to remedy this state of things. The syndicate exerts itself to point out to its members the advantages of re-afforestation, it receives orders for young trees, and supplies them at considerable reduction; it undertakes the necessary formalities to obtain the thirty years' exemption from taxation, and, in short, accomplishes many duties which an isolated individual could not perform without meeting with many difficulties.

(1) On this subject see the article entitled "Le Reboisement devant le Parlement Français" (Re-afforestation before the French Parliament) published in the last Bulletin.

These initiatives seem already to have had encouraging results. For instance the *Syndicate of Choley*, which, since 1907, has been in connection with the *Société des Amis des Arbres* (Society of the Friends of Trees) has bought on account of its members a large number of forest trees, among which are 1,100 beeches, 3,050 acacias, 3,150 birches, 3,400 alders, 5,000 larches, 1,000 pines, etc.

It must be remembered that the agriculturists of the syndicate have been wise enough not to plant their forest trees in the open country, thus avoiding risk to the neighbouring farms. But thanks to their united efforts, sterile and barren "landes" have been transformed into plantations of trees adapted by their nature to the different conditions of the soil.

The co-operative system, facilitated by syndicates, which are henceforth the natural organs of French agricultural association, seems to be among the most efficacious means of overcoming the obstacles in the way of the re-afforestation of small holdings.

(Summarised from the *Bulletin de l'Union des Alpes et de Provence*, November, 1911).

III. — BIBLIOGRAPHY.

Publications of Recent Date relating to Co-operation and Association.

a) Official Publications :

Les associations ouvrières de production et les sociétés co-opératives de consommation et crédit en France au 1er janvier 1911. (*The Workmen's Associations for Production and the Co-operative Societies for Consumption and Credit in Operation in France on the 1st. Jan., 1911.*) - Bulletin de l'Office du travail, Paris Oct., 1911. (*Bulletin of the Labour Office, Paris, Oct., 1911.*)

b) Other Publications :

ALLIX E. : La capacité des syndicats agricoles et les récents projets de loi. Questions pratique de législation ouvrière et d'économie sociale. Paris, numéros de juillet-août et de septembre-octobre 1911. (*The Powers of Agricultural Syndicates and the Recent Parliamentary Bills. Practical Questions as to Labour Legislation and Social Economy.* Paris. Nos. July-August and September-October, 1911).

CLEMENT H. : Le XVI Congrès du crédit populaire. « Réforme Sociale », Paris, 16 déc. 1911. (*The 16th. Congress of Popular Credit. "Social Reform" Paris - 16th. Dec., 1911.*)

La co-opérative de meunerie agricole de Condom (Gers). Annales de la mutualité et de la co-opération agricoles. Paris, déc. 1911 (*The Co-operative Society of the Flour Mills at Condom (Gers). Annals of Agricultural Mutuality and of Co-operation. Paris, Dec., 1911.*)

LAURENT A. : De l'industrie laitière en Savoie. Organisation des fruitières. Bulletin de la Société Centrale d'Agriculture de la Savoie. Chambéry, Nov. 1911. (*The Dairy Industry in Savoy. Organisation of fruitières. Bulletin of the Central Agricultural Society of Savoy. Chambéry, Nov., 1911.*)

LAVERGNE B. : Dix ans de progrès dans la co-opération de consommation en Europe (1900-1910) : § 1. Le progrès co-opératif à l'étranger ; § 2, Le mouvement co-opératif en France. "Revue d'Economie Politique", Paris, novembre-décembre, 1911. (*Ten Years of Progress in Distributive Co-operation in Europe (1900-1910) : § 1. Co-operative Progress in Foreign Countries ; § 2. The Co-operative Movement in France. Review of Political Economy, Paris. Nov-Dec., 1911.*)

LUCOT A : La situation viticole et l'association. "Progrès agricole et viticole." 1911. (*The Condition of Viticulture and Association. "The Progress of Agriculture and Viticulture"*) 1911, Paris pp. 277-280 ; 308-310 ; 371-376 ; 345-441 ; 498-503 ; 560-562.

CO-OPERATION AND ASSOCIATION

GREAT BRITAIN AND IRELAND.

RECENT NEWS.

I. Legislation and State Intervention in regard to Agricultural Organisation.

1. The Agricultural Credit and Insurance Societies Bill. — In accordance with his intention of putting forward a scheme for the promotion of agricultural co-operative credit in Great Britain, to which we made allusion in our issue of June 30th. (1), Lord Carrington, then President of the Board of Agriculture, introduced the Agricultural Credit and Insurance Societies Bill into the House of Lords on July 18th.

The object of the Bill was to authorise the Board of Agriculture to promote the formation of agricultural credit and insurance societies, and to pay the expenses of formation of such societies, or the management expenses of recently-formed societies, out of the Small Holdings Account (2).

No attempt was made in the Bill to indicate any precise system according to which the societies should be formed, but it was proposed that the rules should be approved by the Board of Agriculture and that the societies should be registered under the Friendly Societies Acts or under the Industrial and Provident Societies Acts. In the latter case the Bill left it open to the societies to provide by their rules either that the liability of the members should be limited by guarantee, or that it should be unlimited.

(1) *Bulletin of Economic and Social Intelligence*, 2nd. Year, No. 6, June 30th, 1911, page 71.

(2) The fund out of which the expenses of administering the Small Holdings and Allotments Acts are paid. See *Bulletin of Economic and Social Intelligence*, 2nd. Year, No. 3, March 31st., 1911, page 228.

The Bill made no provision for finding the capital required by credit societies. On more than one occasion, Lord Carrington stated that the Government looked in the first instance to existing banks for the provision of the capital. To a deputation from the Rural Development Society, which waited upon him and expressed the desire that the Government should lend money to credit societies at $3\frac{1}{2}$ per cent., Lord Carrington said, however, that he would do his best to meet the wishes of the deputation.

(Summarised from the *Agricultural Credit and Insurance Societies Bill*, and the *Times* May 31st., June 1st. and 2nd., July 19th. and 21st., and August 2nd., 1911).

* *

2. Grants from the Development Fund (I) for the Promotion of Agricultural Co-operation. — In the First Report of the Proceedings of the Development Commissioners, which embraces the period from May 12th., 1910, to March 31st., 1911, it was stated that on September 3rd., 1910, the Commissioners received an application from the Board of Agriculture for an advance of £20,000 per annum for the organization of co-operation among agriculturists in England and Wales.

"Application was subsequently received", says the Report, "from the Scottish Agricultural Organization Society for a grant not exceeding £1,500 per annum, and from the Agricultural Organization Society of England and Wales for an annual grant of £13,704 (together with a capital sum of £250) to meet the cost of a scheme of complete reorganization of its work. The Commissioners ultimately decided to propose a scheme for the constitution of a representative association, possibly based upon a reorganization of the existing society, to which might be entrusted the expenditure of the sums required for the energetic promotion of co-operation; and meanwhile to make to the society an interim grant of perhaps £3,000 to enable it to carry on its work, of which the Commissioners desire to express a high opinion. The conditions of the interim grant will, it is hoped, be settled at an early date, and the main question in time for operations to begin with the next financial year. The Commissioners have not yet been in a position definitely to consider a recommendation in regard to Scotland, and though an application from the Irish Agricultural Organization Society was known to be in contemplation, at the end of the year it had not reached the Commissioners."

A grant was subsequently made to the Scottish Agricultural Organization Society. The application from the Irish Agricultural Organisation

(1) See the *Bulletin of Economic and Social Intelligence*, 1st. Year, No. 2, October-November, 1911, page 96.

Society was duly received and was referred for consideration to the Department of Agriculture and Technical Instruction for Ireland. The Department, in turn, submitted the application to the Council of Agriculture (1) and in presenting the question to a meeting of the Council on November 14th., the Vice-President of the Department (Mr. T. W. Russell) opposed the application on the following grounds :

(1) That it was unsound to grant State money to any organisation that had no real responsibility to the State for spending it ;

(2) That a large part of the trading community would consider themselves aggrieved by the grant ;

(3) That though the Irish Agricultural Organisation Society repudiated the charge of political partisanship, the charge had not been withdrawn by those who made it.

(4) That though the Society claimed that it was not a trading body, in his opinion it was a contradiction in terms to speak of a non-trading body which boasted of affiliated societies with an annual turn-over of more than £2,000,000 sterling.

As an alternative policy Mr. Russell proposed that the Department itself should promote agricultural co-operation of a non-controversial character and that funds for this purpose should be provided out of the Development Fund. By " non-controversial co-operation " he meant every form of co-operation which did not bring them into direct competition and conflict with the ordinary traders of the country.

After a long discussion, in which the members who supported the application of the Irish Agricultural Organisation Society for a grant out of the Development Fund warmly repudiated the charge of political partisanship and denied that the Society was a trading body, a resolution approving the policy of the Department of Agriculture was carried by 47 votes to 33.

(Summarised from the *First Report of the Proceedings of the Development Commissioners*, the *Times*, June 2nd., July 18th., and November 15th., 1910, the *Irish Homestead*, November 18th., 1911, and the *Farmer's Gazette*, November 18th., 1911).

(1) A partly elected and partly nominated council which is associated with the Department of Agriculture and Technical Instruction for Ireland. Its functions are merely consultative.

2. Work of the Federations and Central Institutions of Co-operative Societies and of the Large Agricultural Associations.

A. Federations of Co-operative Societies.

1. — Annual Meeting of the Agricultural Organisation Society. — At the Annual General Meeting of the Agricultural Organisation Society, which was held on June 1st., the President (Mr. R. A. Verburgh) announced the result of the Society's application for a grant out of the Development Fund (1).

A Report was presented which showed that the total number of societies affiliated to the Agricultural Organisation Society had increased from 321 on December 31st., 1909, to 396 on December 31st., 1910. The number of societies established or becoming affiliated in 1910 was 88, but 10 societies had ceased to exist and three had ceased to be affiliated.

The societies affiliated to the Agricultural Organisation Society at the end of 1910 were thus classified :

| | |
|--|-------|
| Societies for the Supply of Requirements and Sale of Produce. | 145 |
| Dairy, Bottled Milk and Cheesemaking Societies . . . | 19 |
| Small Holdings and Allotments Societies | 161 |
| Agricultural Credit Societies. | 39 |
| Egg and Poultry Societies. | 20 |
| Auction Markets | 3 |
| Miscellaneous Societies. | 6 |
| Central Co-operative Agricultural Bank, Ltd. | 1 |
| Scottish Agricultural Organisation Society, Ltd. . . . | 1 |
| Agricultural and General Co-operative Insurance Society, Ltd | 1 |
| | <hr/> |
| | 396 |

The total membership of the societies affiliated to the Agricultural Organisation Society increased from 19,500 on December 31st., 1909, to about 24,000 on December 31st., 1910, while the estimated aggregate turnover increased from £ 860,000 in 1909 to £ 1,100,000 in 1910.

(1) Vide supra, page 90.

The total expenditure of the Society in 1910 was £3,674 and the total receipts £3,369. The latter included subscriptions and donations £1,732; affiliation fees from societies £116, and a grant from the Board of Agriculture out of the Small Holdings Account, £1,441.

(Summarised from the *Annual Report of the Agricultural Organisation Society for 1910* the *Times*, June 2nd., 1911, and *Co-operation in Agriculture*, June and July-August, 1911).

* * *

2. — The North Wales Section of the Agricultural Organisation Society. — The first Annual Meeting of the North Wales Section of the Agricultural Organisation Society was held on October 27th., at Bangor, in the Hall of the University College of North Wales. It was followed by a public meeting to which many prominent co-operators had been invited. The principal speaker was Sir Horace Plunkett, the Founder and President of the Irish Agricultural Organisation Society.

The press of North Wales has shown itself remarkably favourable to the work of the section. During the few weeks prior to the meeting 20 papers circulating in North Wales (of which 13 were printed in English and nine in Welsh) opened their columns freely to the subject of agricultural co-operation.

(Summarised from *Co-operation in Agriculture*, September-October and November, 1911).

* * *

3. — The Highland Branch of the Scottish Agricultural Organisation Society. — The Annual Meeting of the Highland Branch of the Scottish Agricultural Organisation Society was held at Inverness in September. It was reported that during the previous year several co-operative societies had been formed in the Highlands. Progress, however, was slow, as there was a lack of leading men willing to carry a scheme of co-operation into effect. Cameron of Lochiel (the Chief of the Clan Cameron), who moved the adoption of the report, appealed to the men of influence in the Highlands to devote some time and thought to the formation of agricultural co-operative societies.

(Summarised from the *North British Agriculturist*, September 28th., 1911).

* * *

4. The Annual Meeting of the Irish Agricultural Organisation Society. — Sir Horace Plunkett presided over the Annual General Meeting of the Irish Agricultural Organisation Society, which was held in Dublin on the 14th of November.

The meeting was largely occupied with the application made by the Society for a grant out of the Development Fund (1) and a resolution was passed urging the Council of Agriculture to support the application.

Resolutions were also passed calling upon the Society to draft a scheme of co-operative insurance suitable to the needs of Irish farmers and urging co-operative creameries to adopt the Society's Butter Control Scheme.

After the meeting, Sir Horace Plunkett was presented with his portrait by a number of his friends, in token of their admiration of the work which he had done for the promotion of agricultural development in Ireland.

(Summarised from the *Irish Homestead*, November 18th., 1911).

*
* *

5 The Rural Co-partnership Housing Association. — A number of associations have been formed in England for building houses in towns and suburbs and letting them to members, who participate in any profits which may be made by the associations. It is now proposed to apply this co-partnership system of housing to rural districts and with this object a propagandist society, known as the Rural Co-partnership Housing Association, has recently been formed.

Each local society which is organised will be registered under the Industrial and Provident Societies Act, 1893, and will be managed by a Committee elected annually by the members. Houses and land will remain the property of the society, by which practice the general character and value of the estate will be maintained unimpaired. Any profits remaining after the annual payment of interest on shares and loan stock has been made, and charges for the necessary requirements of up-keep and management have been met, may be applied to the payment of a rent bonus to the tenant members. The Committee may also make a payment from the profits of the Society to a tenant member who leaves the district to the estimated value of any planting or permanent improvement that has been effected by him.

The tenant members of a local society will each be required to take up at least five £1 shares, but may pay them by instalments, beginning with not less than 1s. per share, to be paid within a month from date of application and before entering into occupancy, after which the balance is paid at the rate of not less than 1d. per share with the rent, or otherwise, as may be agreed with the Committee.

(1) Vide supra, page 90

It is hoped that the local societies will be able to supply their members with cottages at low rents by the following means :

- (a) By using plans which are scientifically economical ;
- (b) By obtaining money at low rates of interest, two-thirds of the cost of land and cottages being raised under the Housing Act, 1809, at $3\frac{1}{2}$ or 3 per cent ;
- (c) By throwing open the work to public tender, and building by contract.

Several local societies are already in process of formation under the auspices of the Rural Co-partnership Housing Association.

(Summarised from *Co-operation in Agriculture*, November 1911).

B. Central Institutions of Co-operative Societies.

1. The British Poultry Federation. — The first general meeting of the shareholders of the British Poultry Federation, Limited (1), was held on June 16th. The Report of the Provisional Committee, gave details of the work of the Committee during the previous five months and also contained a suggested scheme for future working.

One of the most important suggestions of the scheme was as follows : " We believe it will be necessary in the near future to open a distributing depôt in London to receive supplies from the collecting depôts, and at which much of the testing, grading, etc., may be done. This would not only save depôts part of their handling expenses, but also lead to economies in carriage, make quicker and more certain supplies to London traders possible and would open up better opportunities of marketing 'seconds' and 'smalls' to advantage."

The report stated that several co-operative egg-collecting depôts had already joined the Federation and that others had signified their intention of doing so.

(Summarised from *Farm and Home*, July 12th., 1911).

*
* *

2. The Irish Agricultural Wholesale Society. — At the quarterly meeting of the Belfast Co-operative Society (the largest distributive co-operative

(1) See the *Bulletin of Economic and Social Intelligence*, 2nd. Year, No. 6, 30th June 1911, page 78.

society in Ireland), which was held on July 26th., the following resolution was unanimously passed: "That the Committee of Management be and are hereby authorised to apply for membership of the Irish Agricultural Wholesale Society, Ltd., if they consider it expedient to do so."

The passing of this resolution was a step in negotiations which have taken place between the Irish Agricultural Wholesale Society, on the one hand, and the English and Scottish Co-operative Wholesale Societies on the other hand, with a view to placing the Irish Agricultural Wholesale Society in a position to act as a wholesale society for the distributive co-operative societies as well as for the agricultural co-operative societies.

The agricultural co-operative societies (notably the co-operative creameries) in Ireland have in many cases established distributive departments and have appealed to the Irish Agricultural Wholesale Society to help them to obtain groceries, etc. At first the Irish Agricultural Wholesale Society did not respond to these appeals, but finding that the tendency persisted, they approached the two great Co-operative Wholesale Societies on the matter. The Wholesale Societies insisted that the Belfast Society should be consulted. That Society having viewed the matter favourably, working arrangements were discussed whereby all the Irish Societies (agricultural and distributive) could be supplied through the Irish Agricultural Wholesale Society with the goods stocked or manufactured by the English and Scottish Wholesale Societies.

At the half-yearly general meeting of the Irish Agricultural Wholesale Society, held on August 23rd., 1911, the Chairman (Mr. H. Barbour) stated that while the Society would draw supplies from the English and Scottish Wholesale Societies, it would also obtain supplies from Irish sources.

At this meeting a report was presented which showed that the sales of the Irish Agricultural Wholesale Society for the half-year ending June 30th., 1911, amounted to £101,002, as against £95,209 for the corresponding period of 1910.

(Summarised from the *Co-operative News*, July 8th., 1911, and the *Irish Homestead*, August 5th. and September 2nd., 1911).

* * *

3. **The Irish Co-operative Butter Control.** — The following outline of the work of the Irish Co-operative Butter Control is extracted from the *Irish Homestead* of June 17th., 1911:

"The Control System is designed to guard every approach to the creamery from the lurking danger of the unseen bacteria. Scrupulous cleanliness in the creamery comes first; then pasteurisation of the cream;

then the use of a "starter" prepared from a pure cultivation of lactic acid bacteria ; then churning at the proper temperature ; and, finally, the use of pure water for washing purposes. Butter made in this way will be pure ; it will keep ; it will command a good price and a ready sale.

" The Irish Agricultural Organisation Society's Control Scheme is being run on business lines. It aims at being self-supporting, and, if a sufficient number of creameries take it up, it will not only pay its way, but will enhance the reputation of Irish creamery butter to a degree hitherto found unattainable. A very high standard is set, and it is the business of the Irish Agricultural Organisation Society, to whom the scheme has been entrusted, to see that every detail is carried out.

" Frequent inspections of the participating creameries are made, and the creameries themselves furnish monthly returns showing the result of their working. Summaries of these returns are prepared by the Irish Agricultural Organisation Society and sent to each creamery, so that comparisons may be instituted. Pure lactic acid cultures are supplied at regular intervals, and twice in each month samples of butter are sent to Dublin for bacteriological examination and report. Samples of water used for washing are also frequently sent for analysis.

" This detective work is not all done outside the creamery. A sample of each churning is retained by the manager and kept under observation, while every operation comes in for careful scrutiny.

" The butter made under Control regulations has affixed to it a label bearing the Control trade mark and an identification mark and number by which the creamery and the actual churning may be identified. The creameries participating in the scheme pay at the rate of twopence per cwt. for the right to use these labels.

" Immediately any defect in quality is either noticed at the creamery or disclosed by analysis, the use of the Control labels is suspended until matters are set right."

In August, " Maelkeritidende ", the Danish dairy journal, published an article on the Irish Butter Control Scheme by Mr. Rudolf Schou, in which he recommended his fellow-countrymen to consider seriously the advisability of adopting particularly those conditions of the scheme which provide for the furnishing of samples of cream, butter and water for bacteriological examination and the retaining of butter samples daily in the creamery so that managers may see for themselves the condition of their butter when it reaches the market.

C. Large Agricultural Associations.

1. — Royal Agricultural Society of England. — The Annual Show of the Royal Agricultural Society which was opened at Norwich on June 26th., attracted a larger number of live-stock entries than the previous show, though the entries were slightly fewer than in 1909. The following table gives a comparison of the live-stock entries with those of the five previous shows :

| | Norwich 1911 | Liverpool 1910 | Gloucester 1909 | Newcastle 1908 | Lincoln 1907 |
|------------------|-----------------|-------------------|--------------------|-------------------|-----------------|
| Horses | * 716 | * 686 | * 599 | * 664 | * 506 |
| Cattle | * 1,065 | * 938 | * 1,146 | * 948 | * 1,030 |
| Sheep | 746 | 772 | * 802 | * 695 | * 672 |
| Pigs | 416 | 361 | * 433 | 312 | 368 |
| Total . . . | 2,943 | 2,757 | 2,980 | 2,619 | 2,576 |

* Exclusive of double entries.

The number of persons who visited the show amounted to 121,465, as compared with an attendance of 137,812 at Liverpool in 1910 and 88,396 at Gloucester in 1909. When the show was previously held at Norwich (1886) the attendance had been 104,009.

Commenting upon the Royal Show, the *Times* said in its issue of July 3rd. :

"The Royal Show, wherever held, is a source of instruction to all interested in the land, as it surpasses other exhibitions in revealing the wealth of the nation in pure-bred farm animals. It is appropriate that a show of the kind, notwithstanding its huge proportions, should visit different parts of the country in rotation. The migratory system appeals to and has an educative value for the members and home farmers that it does not possess for visitors from abroad. The farmers of one district always find something to interest them in the conditions and practices of another.

"The migratory system also affords an insight into the stock-breeding resources of a district. The Norwich Show exemplified this point very clearly. Not even the supporters of the local breed of cattle ever saw so fine a collection before. Merit was revealed that was not known to exist, and the classes of Red Polls gratified the supporters of the breed and enlightened others as to their local importance and their qualities as general purpose animals. The Suffolk breeds of horses and sheep were also shown in exceptional strength, although the revelation of latent merit was not quite so striking, and the large black pig was also seen to good advantage. The Red Shorthorn cattle, the long-wool sheep and the curly-coated white pigs from the neighbouring county north of the Wash likewise gathered in force."

(Summarised from the *Times*, June 27th. and July 3rd., 1911, and the *Agricultura Gazette*, June 26th. and July 3rd., 1911)

* * *

2. **Royal Dublin Society.** — The Horse and Sheep Show of the Royal Dublin Society, which was opened at Ball's Bridge on August 22nd., showed a substantial increase in the number of entries of horses. The total number was 1,163 as compared with 1,015 in 1910. The entries of made hunters showed a notable increase from 474 to 523, but in the classes for young horses suitable for hunters there was a decline from 303 to 271. The Show owes its importance mainly to the hunter classes, but it is noteworthy that the entries of riding cobs and ponies increased from 57 to 75 and of harness animals from 46 to 134. The number of stallions entered was slightly lower than in 1910, but the yearlings increased from 69 to 91 and the brood mares from 40 to 46. The sheep totalled 224 pens as compared with 222 pens in 1910.

(Summarised from the *Farmers' Gazette*, August 5th. and 26th. 1911).

* * *

3. **The British Dairy Farmers' Association.** — The thirty-sixth annual show of the British Dairy Farmers' Association, held in London in October, recorded a slight decrease in the number of entries. The following is a comparative statement of the entries at this show since 1907 :

| | 1907 | 1908 | 1909 | 1910 | 1911 |
|--------------------------------|-------|-------|-------|-------|-------|
| Cattle | 237 | 247 | 232 | 288 | 222 |
| Milking and Butter Tests . . . | 245 | 224 | 236 | 264 | 213 |
| Goats | 48 | 72 | 84 | 75 | 81 |
| Poultry | 3,081 | 3,280 | 2,997 | 3,259 | 3,300 |
| Pigeons | 2,664 | 2,564 | 2,282 | 2,280 | 2,226 |
| British Cheese | 420 | 357 | 355 | 362 | 249 |
| Bacon and Hams | 57 | 76 | 55 | 104 | 58 |
| Butter | 593 | 668 | 535 | 525 | 484 |
| Cream | 35 | 47 | 42 | 47 | 26 |
| Skin-Milk Bread, etc. | 118 | 135 | 115 | 98 | 72 |
| Honey, etc. | 67 | 85 | 88 | 96 | 87 |
| New and Improved Inventions | 33 | 37 | 31 | 34 | 21 |
| Roots | 177 | 181 | 218 | 196 | 172 |
| Butter-Making Contests . . . | 200 | 207 | 120 | 145 | 165 |
| Milkers' Contest | 135 | 132 | 126 | 122 | 153 |
| Total . . . | 8,175 | 8,362 | 7,553 | 7,895 | 7,529 |

At the annual meeting of the British Dairy Farmers' Association, held on October 4th., it was stated that the efforts to secure help from the Board of Agriculture to entertain the guests of the International Dairy Congress in 1913 had failed. A sum of £2,000 would be required for this purpose.

(Summarised from the *Agricultural Gazette*, October 9th., 1911).

*
* *

4. **Some Live-Stock Societies.** — At the Annual meeting of the *Shorthorn Society*, held in July, it was reported that the exportation of pedigree short-horns had been greatly hampered during the previous year owing to two slight out-breaks of foot and mouth disease in Yorkshire and Surrey. In consequence the number of export certificates had been only 491, a lower fig-

ure than in any past year since 1896. The certificates were for the following countries : Australia, 9 ; Canada, 3 ; France 1 ; Germany 4 ; India, 1 ; Japan, 1 ; Newfoundland, 10 ; New Zealand, 2 ; Russia, 11 ; Spain, 4 ; South Africa, 68 ; South America, 355 ; United States, 12. It was also reported that during the current year (1911) £955 had been offered by the society in prizes at the various national and county shows. For 1912 the Society is offering £103 in prizes and ten silver medals.

The English Jersey Cattle Society in the 22nd. volume of its Herdbook, publishes records of the milking trials and butter tests conducted during 1910, with summaries covering the whole period since these competitions were begun. From 1886 to the end of 1910, 3,319 animals have taken part in butter tests at shows and of this number 1,650 obtained prizes or certificates of merit. That the system has led to an improvement is shown by the fact that the average of the 3,139 cows was 32 lb. 14 oz. milk and 1 lb. 12 oz. butter per day at an average of 107 days after calving, the butter ratio — i. e., pounds of milk required to make 1 lb. butter — being 18.69, or nearly 8 quarts to a pound. Up to the end of 1902, when the aggregate of cows tested was 1,476, the corresponding figures were 32 lb. milk and 1 lb. 11 ½ oz. butter 92 days after calving.

The annual Meeting of the *Sussex Herd Book Society* was held on July 26th. It was reported the number of members was 145, a larger number than at any previous time, and that the income in 1910 showed an increase of 100 as compared with that of 1909. The 26th. Volume of the Society's Herd Book contained 907 entries, as compared with 762 in the 25th. Volume. The total amount voted by the Society for prizes in the classes for Sussex cattle at the various shows in 1911 was £82, besides ten silver medals. The Society had also allocated a sum of £50 for the advertising the Sussex breed in the agricultural papers, with a view to making it more widely known outside its own locality.

The twelfth International Conference of Sheep Breeders, convened by the *National Sheep Breeders' Association* was held on June 14th. and was attended by delegates from all parts of the world. A paper was read by Mr. John Cooke (New South Wales Sheep Breeders' Association) on the supply of mutton and wool to Great Britain from outside sources. At the annual Meeting of the Association it was decided that the subject to be discussed at the next International Conference, to be held in July 1912, should be " Sheep in connection with the economy of the farm."

(Summarised from the *Times*, June 26th. and October 9th. 1911; *Farm and Home*, August 2nd., and November 8th., 1911; the *Agricultural Gazette*, July 10th., 1911; and the *North British Agriculturist*, July 6th., 1911).

* * *

5. **Royal Agricultural Benevolent Institution.** — At the Annual Meeting of the Royal Agricultural Benevolent Institution, held in London on June 7th., a report was presented showing that the receipts from subscriptions, donations and church collections in 1910 amounted to £20,882, while the contributions to the Special Fund raised in commemoration of the jubilee of the institution amounted to £6,570. There were on the books 198 married pensioners (ninety couples) costing £3,833 per annum; 228 male pensioners, costing £3,833 per annum; and 635 female pensioners, costing £12,218 per annum. At the election of which the results were announced (1), 30 males, 18 married couples and 50 females were given pensions at an increased annual charge of £2 500. The meeting consented to place all candidates who had reached the age of eighty on the list of pensioners, irrespective of the votes polled.

In an appeal on behalf of the Institution issued in September by Sir Walter Gilbey, it is stated that since the foundation of the Institution in 1860, 4,495 persons had been granted annuities at a total cost of £687,254.

(Summarised from the *Farm and Home*, June 14th., 1911, and the *Agricultural Gazette*, June 12th., and September 18th., 1911).

3. Miscellaneous.

Agricultural Co-operative Credit Societies in England and Wales. — The December issue of the *Journal of the Board of Agriculture* contains an article on the working in 1910 of the co-operative credit societies in England and Wales which concern themselves solely with the provision of loans of money to small agriculturists. Such societies are all registered under the Friendly Societies Act, 1896, and in all of them the liability of the members is unlimited.

“At the end of 1910,” says the article, “there were in England and Wales 40 registered societies of the above type, scattered over twenty counties. Six of these were registered in 1895 and 1896, seven were registered in the three years 1904 to 1907, and in the last three years the numbers registered have been respectively seven, ten and ten, so that the movement has recently shown signs of more rapid development.

“Of these 40 societies, nine either sent in no returns or reported that they had as yet done no business. According to the annual returns for

(1) Pensioners are elected from the list of applicants by the votes of subscribers to the funds of the Institution.

the year 1910, submitted to the Chief Registrar by the remaining 31 societies, they had at the end of the year 663 members — an average of 21 per society. They had during the year advanced 119 loans to their members, so that less than one in five of the members took out a loan during the year. The loans aggregated £1,390 and averaged £12 per loan; in individual cases they varied from £3 to £40. The earnings of these 31 societies during the year amounted to £147 (including a gift of £50) and the charges of the year were £82, so that there was a net profit on the year's working of £15, besides the gift. Their expenses of management, which are included in the above charges, amounted to £34, or a little over £1 per society. Their total assets amounted to £1,924, of which £1,421 were out on loans to members, and their total liabilities to £1,654, of which £489 was due to banks and £1,088 to depositors; and the total profits to date of all the 31 societies put together amounted to £270. This total includes gifts aggregating £115, so that the profits actually earned to date were £155, an average of £5 per society.

“It takes some years for a credit society to get into working order and the progress can be better judged by taking separately the totals for the six oldest societies, which have been at work for fourteen years. Between them they had last year 145 members (an average of 24 per society) and during the year they gave out 34 loans, so that about one in four of the members got a loan. The loans aggregated £511, and averaged £15 per loan. The rate of interest charged on loans to members was, in four societies, 5 per cent., in one 6 per cent., and in one only 4 per cent. During the year they earned £36 in interest, and received other income amounting to £1, while their interest charge was only £20, and their expenses of management £6, an average of £1 per society; so that the net profit of the year was £11, or nearly £2 per society. Their assets amounted altogether to £743, including gifts of £65 and £556 out on loan to members; and their liabilities were £538, including £481 held on deposit. Their surplus of assets over liabilities amounted to £205 (including the £65 received as gifts), so that they have now, after fourteen years of careful management, built up a reserve fund equal to more than one-third of what the members require in loans during the year. This is their own property, on which they have no interest to pay. The loans have been repaid punctually, and the societies have made no bad debts and incurred no losses, and only in three or four cases have they had to call on the sureties to help in repaying loans due from members. In hardly any case has the surety ultimately failed to recover the money from the actual borrower.”

CO-OPERATION AND ASSOCIATION

HUNGARY.

CURRENT QUESTIONS.

Agricultural Co-operation in Hungary.

The following article is summarised from a monograph forwarded to us by the Ministerial Department of Agriculture for the Kingdom of Hungary. It is the work of Dr. Charles Schandl, Secretary of the Federation of the Hungarian Co-operative Societies and will appear in its complete form in the second volume of the « Monographs on Agricultural Co-operation.

§ I. Co-operation Generally.

In Hungary the co-operative movement only became general and even popular up to a certain point amongst the agricultural population towards the last ten years of the XIXth. century. It is interesting to notice that the co-operative idea had a favourable reception first among the Saxon manufactures in Transylvania, and in the second place among the town functionaries, but only for the purpose of procuring credit for themselves, whereas at the present day co-operation flourishes mainly in the agricultural world, and not in the field of credit alone, but also in that of distribution, sale, farming and insurance. The manufacturing class, although the initiative, had been due to it, did not show itself apt at co-operation, so that our industrial co-operative societies, even those which were affiliated to the Central Co-operative Society, could not attain a high degree of prosperity; their number hardly exceeds fifty even to-day, although the Minister of Commerce has allowed them rather important national subventions. Our manufacturers have misunderstood and still misunderstand the co-operative idea, and they are accordingly incapable of suitably availing themselves of it. The town functionaries, it is true, still keep their great and flourishing co-operative society, the Functionaries' Co-operative

Distributive Society, at Budapesth, as well as that of the *Cheminots*, but on this subject it is as well to bear in mind the experiments made by the "Ant" showing that it is difficult to make co-operation effective in places where one must have recourse to the town elements. The agricultural population in the co-operation movement is represented at the present time in a much higher proportion than the other classes, and a short account of the present condition will be sufficient to convince everyone of the prosperity of this movement in Hungary.

Its gradual progress is the result of agricultural co-operation. It began, to tell the truth, at the time of the International Farmers' Congress at Budapesth in 1885, in the direction of credit co-operation. In 1886 the Co-operative Credit Society of the County of Pesth was founded, which inaugurated its work of organisation as the Central Co-operative Institute of the Country. Later on, this Institute enlarged its sphere of action; by 1898 it had created co-operative credit societies in 465 communes. The total number of co-operative credit societies — including the independent ones — in Hungary, was 1,261, so that the greater number were at that period working independently. The relative slowness of their growth in comparison with that of the past ten years must be attributed to the lack of central organisations. The creation of centres led to a rapid development, both from the point of view of the number of co-operative societies and of their prosperity. But with the work of these centres, must not be overlooked that of the rural clergy, village schoolmasters and notaries, who have become the most important factors of that form of co-operation of which they were the promoters.

The approximate number of co-operative societies at work in Hungary at the end of 1909 was 6,772, divided as follows:

| | |
|---|-------|
| Number of Co-operative Societies belonging to the Central Co-operative Credit Society | 2,206 |
| Number of Co-operative Societies belonging to the "Ant" | 910 |
| Christian Co-operative Distributive Societies | 438 |
| Co-operative Dairies | 541 |
| Co-operative Livestock Improvement and Cattle Insurance Societies | 60 |
| Co-operative Central Societies (about) | 20 |
| Raiffeisen Co-operative Societies | 206 |
| Servian Farmers' Co-operative Societies in the Annexed Countries | 297 |
| Roumanian Co-operative Banks (about) | 74 |
| Farmers' Co-operative Societies (about) | 20 |
| Other Co-operative Societies (independent) about | 2,000 |
| Total | 6,772 |

On making a close examination of the different branches of co-operation, we shall find that the co-operative credit societies and the co-operative distributive societies are in the majority. Our co-operative dairies also go back some ten years, but appreciable results have only been realised in the field of co-operative cattle insurance during the last few years, and these results are due to the protection of the State, accorded to all the movements connected with the raising of animals. The new conquests of co-operation extend over the field of co-operative sale, farming, life insurance, domestic industry and pasturage societies. It is true that the sale of produce is included in the programme of co-operative supply societies, but it has been barely put into execution so far, for the different co-operative societies have not yet attained the necessary strength to allow the centres, and especially the "Ant", to put this programme into execution.

The formation of farm and pasturage co-operative societies, as well as those for the utilisation of machines, was also projected by the Hungarian Farmers' Federation. The starting of the co-operative farmers' societies was hastened by the disturbances due to agrarian socialism, which broke out just because the agricultural population had very little land within the limits of certain villages and had not the means to lease other lands. They are still few in number, the first rules having been drawn up barely two years ago. There are some scattered examples of co-operative machine societies amongst the small farmers of the South. Their organisation is a task reserved for the future.

The limits of the co-operative movement are, moreover, markedly fixed in accordance with the various central societies the peaceful co-operation of which is assured by the perfect harmony of their intentions. A strong proof of this harmony was given in the resolution adopted by the National Co-operative Congress of 1910, which declares that the main ultimate task of the co-operative credit societies is to organise co-operative distributive societies. In fact, the necessary harmony between the co-operative credit and distributive societies was lacking in several places, but the tendency of their development is to improve in this direction also, the co-operative societies in many villages being all united in one building (the Peoples' House).

§ 2. *Co-operative Credit.*

In the field of agriculture in Hungary only the real altruistic and disinterested co-operative societies have taken root. The loan banks of the middle of the century and the usurious co-operative societies founded later were almost exclusively created in the towns and scarcely reached the agricultural population. In order that we may have an exact idea of

the actual state of agricultural co-operative credit, it will be sufficient if we examine the co-operative movement started by the Farmers' Congress of 1885, together with the parallel movement of the Raiffeisen banks of Transylvania and the Servian agricultural co-operative societies of the region situated between the Drave and the Save.

The altruistic village co-operative credit societies were not organised in a central fashion all over the country, but groups were formed in different parts. In 1894, however, when the Co-operative Credit Society of the County of Pesth was transformed into the Central Institute of Hungarian Co-operative Societies, co-operation received a new impetus and began to have a centralised organisation. The organisation was favoured by the reaction against usury, which was already very wide spread in those years which were even without it very little prosperous, especially in the mountainous region; it weighed heavily on the agricultural population and was in reality responsible for the co-operative action of Count Károlyi. The villagers, overwhelmed with debt and forced to sell their produce at a low price, did not know where to turn, and contracted loans on inhuman conditions with the village usurers and the miserable little usurious banks. The Hungarian Credit Foncier would only give mortgage loans for over 1,000 crowns, and the Small Farmers' Credit Foncier was incapable of satisfying all needs. The more intelligent communes therefore welcomed the co-operative credit societies with joy.

The co-operative societies affiliated to the Centre united their working capital composed partly of shares and partly of their reserve funds, savings-bank deposits and the credit accorded to them by the Centre. The members may borrow from the co-operative society either by signing forms of acceptances or bonds. As to their guiding principles, the societies are nearest to the Raiffeisen banks, although they do not accept some of Raiffeisen's counsels, especially as far as liability is concerned, because the principle of unlimited liability has encountered many obstacles in Hungary, and it has frequently appeared more prudent to give up the idea than to abandon the starting of the society. Moreover, the results obtained have shown that it is quite possible to found and keep going a co-operative credit society without adhering to this principle.

To day there are 2,000 co-operative societies of the agricultural class extending their action over more than 6,000 communes, that is, over half the total number of communes. For their formation they require the collaboration of the Central Society which is also exacted by the Law. The Centre does not insist on the creation of co-operative societies; it founds them only in those places where there are competent men available and where the special circumstances seem to guarantee the success of the undertaking. The maximum value of the shares is 100 crowns, but in most cases this sum is reduced to 50 crowns, and it is forbidden to

pay any interest on this sum ; 10 % of the net profit must be paid into the reserve fund, the remainder being carried over to the benefit of the shares. The dividends must never be more than 5 %, and any surplus of the net profit is to be paid into the reserve fund. The members of the Board of Management and of the Supervision Committee benefit to the extent of 10%.

The reserve fund must be increased every year by at least 10 % of the net profit until it has reached half the sum total of the share capital. Each member is liable to at least five times and at most ten times the amount of his shares. He may leave the society at the end of the year, after giving previous warning, but in such case his shares will not be paid back to him until July 1st. of the following year. Each member has a single vote in the society, no matter how many shares he owns. Each co-operative society is compelled to take a 200 crowns share in the Central Co-operative Society for 6,000 crowns of its capital and to submit to the supervision and control of the centre, as exercised by its inspectors. The Centre designates one of the members of the Board of Management and one of the Supervision Committee; it has a decisive voice in permitting or prohibiting a co-operative society to make a loan to a third party.

We shall now mention a few more of the principles followed in the organisation of these co-operative societies. The action of a co-operative society may extend over the territory of a single commune only, or of two neighbouring communes at most. The societies may grant loans to their members only, and never to outsiders and the loan accorded to any one member must not be more than 15 % of the whole of the society's capital. The capital-shares are paid in monthly instalments extending over five years, and members behindhand with their instalments must pay the arrears of interest and a fine ; the instalments already paid may also be declared forfeited. The pecuniary resources of the co-operative societies are, on the one side, the capital-shares — on the principle of mutuality — and on the other the savings' bank deposits and — thanks to the aid granted by the State — the loans agreed to by the Centre up to three times the amount of the capital-shares.

The management of co-operative societies is still a "nobile officium" in our days; the bookkeepers and cashiers alone receive salaries, and very modest ones. The managers are for the most part priests, village schoolmasters or notaries, whose activity shows a disinterestedness worthy of the people's gratitude. The officers are divided as follows in regard to their vocations :

| Office | Farmers | Priests | School masters | Other Professions |
|---|---------|---------|-------------------|----------------------|
| Members of the Board of Management. . . | 11,505 | 792 | 872 | 3,159 |
| Members of the Super- vision Committee . | 4,503 | 286 | 485 | 2,115 |
| Bookkeepers | 293 | 147 | 829 | 638 |

It will be seen, therefore, that the small farmers themselves take an active part in the management of the co-operative societies. It can be proved that it was precisely co-operation which brought about an important change in the small farmer class, in Hungary, increasing the farmers' intelligence and making perfect village managers of them. From this point of view the small farmers have been more successful than the small manufacturers.

The Centre has found that more than half the 2,000 agricultural co-operative societies work in an irreproachable manner ; a quarter of them require a certain amount of explanation and a fifth cannot do without continual resort to the Centre.

The co-operative societies do not receive credit from the Centre in the same manner as it is received from the great co-operative banks in other countries. In other countries, the Centre does not deal at all, as a rule, with the co-operative societies themselves, nor ask for their endorsements ; it gives the amount of the loan to the intermediary district centres, without bonds signed by the debtors.

The Hungarian Central Co-operative Society, on the contrary, does business directly with the village co-operative societies ; it collects the bills and I. O. U' s of the debtors for the purpose of getting them discounted, and the utilisation of these signatures supplies it with the financial resources that it needs. The Centre accords credit under certain conditions. The importance of the credit is in proportion to the capital, the reserve fund and the amount of the savings deposits of the co-operative societies, which generally have a credit equal to the sum total of the capital shares ; it is sometimes double, however, and occasionally treble this amount. The loans granted are personal loans or loans on mortgage. The first are granted on acceptances or bonds, always on security, and both are discounted by the Centre. Mortgage loans are also furnished through the medium of the co-operative societies, but never directly. These loans may be as high as 50 % of the value of the real estate. The Central Co-operative Credit Society, as well as the Small Farmers' Credit Foncier, make loans, however, in as high a proportion as 75% of the value of the property on account of their action in dismortgaging the land. The Centre gives loans directly to the members of co-operative societies, it is true, but it is done through the medium of the societies. The amount of the credit covered entirely by mortgage forms the subject of a special valuation as well as the credits granted as advances on the wheat crop, on the purchase of farm requisites and on industrial produce, or those granted to co-operative societies founded for special purposes. The societies are obliged to communicate to the Centre the payments made in loans above a certain amount, and the Centre gives its approbation. The loans granted to the Board of

Management and the Supervision Committee must be notified on each occasion, in order to prevent abuse.

The loans being passed by the co-operative societies independently of their members, the acceptances and proxies signed by them are sent endorsed to the Centre in the form of transfes. The Centre transfers them rediscounted to the large financial establishments, and, for loans on real estate, it may issue interest bearing bonds, free from duty, which may be put into circulation. The number of acceptances is very high, but they are generally for small sums. Their average annual value varies but very little, and is about 300 crowns. The smallest bill of exchange is for 2 crowns. The value of the acceptances presented to the Centre each year is about 100 million crowns (in 300,000 accounts). In loans of 50 % the Centre paid out 9,892,000 crowns up to the end of 1908, and in loans of 75 % 5,866,000 crowns. During the first ten years, it granted 242,000 loans against bonds to the value of 83,000,000 crowns, 43,000,000 of which has been paid back leaving 40,000,000 still to be paid. This is the amount for which the Centre could have issued bonds that could be put into circulation, bearing interest and free from duty, but it was satisfied with issuing 20,000,000.

The rate of interest must not exceed the rate at which the Centre granted the loan to the co-operative society by more than 2 %. The present rate of the Centre is 5 ½ %, and the maximum rate of the provincial co-operative societies is 7 ½ %, but it does not as a rule rise above 6 ½ or 7 %, and is sometimes even as low as 6 %.

The satisfaction of their credit needs is far from being the only means which the co-operative credit society possesses for the protection of its members. It facilitates the purchase of machines for them, of chemical manures and other substances, as well as the improvement of cattle and the sale of wheat. We shall speak later on of the wheat stores, in the section on the realisation of co-operative ideals. The societies also protect their members by making it possible for them to co-operate for the manipulation and sale of wine, the purchase of seeds, wheat meal, oat meal, fodder, charcoal and wood ; they give facilities for the establishment of permanent warehouses. They also collaborate in the " parcelling out " and renting of farms.

The balance sheets and accounts at the end of the year are prepared by the examiners of the Centre, which bears all the expenses of control.

It may certainly be considered as an unhopd for result that up to the end of 1909 a sum total of 35,000,000 crowns in round numbers had been paid into the co-operative societies while 75,000,000 crowns had been deposited as savings, and these figures have increased still more

since. The capital at the disposal of the co-operative societies in the course of these years may be seen from the following table :

| Year | Its own Means | Credit supplied by the Centre | Total |
|----------------|-----------------|-------------------------------|-----------------|
| 1899 | 12,630,000 crs. | 11,910,000 crs. | 24,544,000 crs. |
| 1900 | 16,713,000 " | 26,282,000 " | 42,995,000 " |
| 1901 | 22,448,000 " | 35,594,000 " | 58,042,000 " |
| 1902 | 30,578,000 " | 42,519,000 " | 73,097,000 " |
| 1903 | 40,620,000 " | 46,354,000 " | 86,974,000 " |
| 1904 | 54,080,000 " | 54,058,000 " | 108,138,000 " |
| 1905 | 63,713,000 " | 62,124,000 " | 125,837,000 " |
| 1906 | 77,873,000 " | 71,781,000 " | 149,654,000 " |
| 1907 | 90,196,000 " | 73,632,000 " | 163,828,000 " |
| 1908 | 100,992,000 " | 73,634,000 " | 174,000,000 " |

The results obtained by the co-operative credit societies have been shown in an impartial and substantial manner in the Report published by the Central Co-operative Credit Society on the ten years (1899-1908) of its activity.

The co-operative societies have made credit less dear ; the interest being reduced sometimes by as much as 6 and even 10 %. In this connection the co-operative societies suffered a very severe trial at the time of the high price of money in 1907-1908, when small banks failed one after the other and the co-operative societies met the difficulties they had to face very well without raising their rate of interest above 7 or 7 ½ %. Usury has completely disappeared from their territory and the debtors of the co-operative societies pay back, in general, a larger proportion of the principal of their debt than do those of other financial establishments. The members use the money borrowed from the society to pay back the debts they have contracted elsewhere or to develop their farms. The co-operative societies considerably increase the personal credit of the farmer, since they grant loans for the most part to members who are not rich and who therefore make it a point of honour to pay back the debt punctually. The farming of the members of co-operative societies has become more intensive, their cattle stock has increased and they have procured machines. The conditions of realisation have become more favourable, since the members are no longer compelled to sell their crops standing. The co-operative societies have also given their members important facilities in the purchase of land, while judicial sales by auction have decreased greatly since they came into existence, as the following figures will show :

Every year from 1896 to 1900, on an average, 18,220 properties, that is, 3.88% of the whole of there gistered land, used to change ownership at such auctions. Between 1901 and 1905, this annual average was 19,610 (3.39 %). An improvement which appears likely to be permanent has taken place since 1904 :

| Year | Number of Changes of Ownership due to Auction Sales | | Equivalent of Changes of Ownership due to Auction Sales in Thousands of Crowns | |
|----------------|---|--------------------------|--|------|
| | Total Number | % of Total Changes | Total Number | % |
| 1903 | 21,193 | 3.56 | 52,780 | 5.93 |
| 1904 | 19,178 | 3.26 | 39,986 | 4.43 |
| 1905 | 16,626 | 2.80 | 39,177 | 3.54 |
| 1906 | 15,227 | 2.55 | 39,672 | 3.41 |
| 1907 | 14,467 | 2.41 | 32,357 | 2.78 |
| 1908 | 15,066 | 2.56 | 39,578 | 3.48 |
| 1909 | 16,638 | 2.86 | 48,661 | 3.70 |

As to solvency, it is characteristic that the greater number of the co-operative societies were not compelled to invoke the aid of the law against their debtors. The co-operative societies have also raised the moral level of the people in other respects, and have inspired the farming class with a pride that is full of good sense.

Special mention must be made of the fact that dismortgaging has also been undertaken by the Hungarian co-operative credit societies. The conversion of heavy loans has been made in certain counties with money supplied by the Central Co-operative Credit Society and the Small Farmers' Credit Foncier to the village co-operative societies, and if it has not been possible to generalise this action yet and that remains a task for the future, that is because the enormous resources necessary for the dismortgaging of land in Hungary, which is riddled with debt, are still lacking.

Although the network of co-operative credit societies of which we have been speaking extends also to the annexed countries (the territory between the Drave and the Save), a special network of co-operative societies is at work in this part of the country; they include the Servian Farmers' Co-operative Society and the Servian Agricultural Associations' Co-operative Society, with headquarters at Zágráb.

At the end of 1909 there were 297 of them with 10,031 members. Their development may be seen from the following table:

| Year | Number of Co-operative Societies | Number of Members | Sum Total of Loans |
|---------------|--|----------------------|-----------------------|
| 1897. | 10 | 159 | 5,540 |
| 1898. | 40 | 1,030 | 113,869 |
| 1899. | 50 | 1,321 | 189,535 |
| 1900. | 67 | 1,721 | 208,636 |
| 1901. | 85 | 2,268 | 321,801 |
| 1902. | 140 | 3,799 | 620,828 |
| 1903. | 179 | 5,278 | 948,798 |
| 1904. | 217 | 6,298 | 1,296,468 |
| 1905. | 235 | 7,227 | 1,635,754 |
| 1906. | 242 | 7,487 | 1,877,160 |
| 1907. | 251 | 7,887 | 2,159,211 |
| 1908. | 283 | 9,082 | 2,445,965 |
| 1909. | 297 | 10,031 | 2,611,966 |

Up to the end of 1909 the 10,000 members had paid 610,000 crowns in the form of shares. The reserve fund of the co-operative societies is 571,057.40 crowns; their debts with the Centre 5,071,662.45 crowns; the deposits in the savings' banks of the different co-operative societies 9,071,023.28 crowns; the permanent deposits 1,168,554.05 crowns, and the profits of the co-operative societies 109,951.05 crowns.

The members of the co-operative societies are farmers who contract loans, for the most part, for agricultural purposes. The following table gives the different purposes for which the loans were contracted; thus, a sum total of 2,500,000 crowns was divided in the following way:

| | | |
|--|--------|---------|
| purchase of seeds | crowns | 13,443 |
| food | " | 44,113 |
| draught animals | " | 290,873 |
| breeding stock | " | 217,587 |
| renting lands | " | 796,342 |
| purchase of lands | " | 489,731 |
| machines and implements | " | 63,864 |
| paying off old debts | " | 157,861 |
| taxes and duties | " | 19,283 |
| farm buildings | " | 221,819 |
| purchase of chemical manure | " | 9,050 |
| viticulture | " | 86,302 |
| household requirements | " | 58,077 |
| industrial and commercial purposes | " | 59,904 |

and some thousands of crowns for other methods of agricultural propagation.

The Raiffeisen co-operative societies of Transylvania are individualist in character, but they work with constantly growing success. The German speaking population of the Transylvanian counties, who are all, however, as good Hungarians as the inhabitants of other regions, has passed from the old Nachbarschaften and Bruderschaften to the modern co-operative society. The sense of economy, diligent work, zeal and a desire to learn, are the causes of the success of the co-operative credit societies, the activity of which has been rendered still more efficacious since an old age pension has been assured to their employees. As their names indicate, they profess the Raiffeisen principles and consider the Savings' Bank of Nagyszeben as their central resource. They celebrated this year the 25th. anniversary of the origin of this co-operative movement. Their numbers have gradually increased until there are now 163 co-operative credit societies with 15,883 members, including 42 co-operative distributive societies and one co-operative wine society, corresponding if we reckon the families as consisting of 5 members each, to 79,415 persons, that is, a third of the Saxon population of Transylvania. These co-operative societies have put together the sum of 7 ½ million crowns, and a reserve fund of 700,000 crowns. The 163 co-operative credit societies had 12,690 members. At the present moment it may be said with certainty that the co-operative credit societies have worked with greater success than the co-operative distributive societies.

Summarising the co-operative credit societies belonging to the three groups, we have :

| | |
|---|-------|
| those Affiliated to the Central Co-operative Credit Society | 2,206 |
| the Servian Agricultural Co-operative Societies | 297 |
| the Raiffeisen Co-operative Societies | 163 |

which gives us a total of 2,666

co-operative credit societies united to a central institution.

§ 3. *Co-operative Societies for Purchase and Sale.*

The sale and purchase co-operative societies have not found the same propitious ground to work on in Hungary as the other branches of co-operation. The character of the Hungarian farmer is such that it is more difficult for him to familiarise himself with the idea of farming in common than with that of co-operation in credit, distribution and sale; and as far as that goes, the last categories do not imply working in common. That is why we do not meet the co-operative idea in the field of produc-

tion except in certain special relations. There has not been real co-operative work done in this field except amongst the immigrant Bulgarian gardeners, who, in the neighbourhood or environs of the large towns, take fields on lease and work them in common. Several families join together, come to Hungary from Bulgaria in the spring, where one of their members takes charge of the bookkeeping and the bank, while the others work on the land; they settle up in the autumn and divide the profits. These co-operative societies are generally formed for one season only, and they sometimes draw as much as 300 or 400 crowns from an arpent of land. The Department of Agriculture recently made some attempts to acclimatise this kind of cultivation, that is to say, Bulgarian gardening, amongst the farmers of the country, although on a basis slightly different from that of co-operation.

Industrial production is carried on in certain parts of the country by co-operative societies of domestic industry, as a supplementary occupation. These co-operative societies deal, for the most part, in basket making, but some go in for the production of agricultural implements. The Central Co-operative Credit Society provides them with the necessary credit, while the sale of the articles is carried out either directly by the co-operative societies or by the National Federation for Domestic Industries which is protected by the State and placed under the supervision of the Hungarian Farmers' Federation, or lastly, by the village co-operative distributive and sale societies. The following societies come within the sphere of interest of the Central Co-operative Credit Society :

- 44 co-operative basket-making society ;
- 5 " societies for the wood industry ;
- " " " " mat industry ;
- 1 co-operative society for the rush-mat industry ;
- 1 " " " " woollen industry ;
- 1 " " " for making earthenware ;

altogether 55 co-operation production societies.

These societies have the same organisation as the co-operative credit societies of which we spoke above. They are most numerous in the counties of Bács (27) and Bereg (8).

The production of these co-operative societies, is however, closely allied to the co-operative sale society, which is far more important. Before we deal with the small co-operative societies, it should be pointed out that in Hungary not only the lesser but also the greater economic factors are combined in co-operative sale societies. The result of this union is the *Hungarian Farmers' Co-operative Society*, which has its headquarters at Budapesth and has secured the absolute confidence of the farmers during its twenty years' activity. It has 1,700 members, who are for the

most part proprietors of large and middle sized farms, whose properties, taken together, cover about 15 % of the entire wheat-growing area of the country. It has extended its sphere of activity to nearly every branch of agricultural sale and purchase. It has sections for grain, wine, fodder, machines, live-stock, insurance, etc. It keeps excellent wine cellars for its members at Budafok and an establishment for fattening pigs at Köbánya. It has a capital of 865,000 crowns and a reserve fund of 280,000 crowns, and a floating capital of 3 millions.

There are also several central co-operative sale societies working in the provinces. We may mention in the first place the *Co-operative sale society for red pimento and other agricultural products of Szeged*, which has been in existence for ten years and has a capital of 230,000 crowns. It sells and exports the red pimento of Szeged, which has long been famous, to Austria, Germany, Roumania and Bulgaria, as well as other products of the district. It also exports to France and Switzerland potatoes, beans, onions and red pimento, and sorghum straw and red pimento to America. Its turnover exceeds 1 ½ million crowns, and the number of members in relation to their shares is 1:100. The shares are of the value of 100 crowns.

It is a general rule that sale is in close relation with consumption and purchase. There are but very few co-operative societies depending upon the Central Co-operative Credit Society occupied solely with sale, and they are more particularly co-operative wheat stores and dairies and societies for the sale of eggs. There is only one co-operative society belonging to the Central Co-operative Credit Society for the sale of red pimento and other agricultural produce at Kalocsa, an agricultural co-operative sale society, an agricultural co-operative and dairy society and a society for the sale of poultry and eggs; these societies are organised in the same way as those for credit.

The number of co-operative wheat stores, according to the latest statistics (1907) is 38, their transactions extending over 156 communes. The quantity of wheat stored may be estimated at an average of 100,000 metric quintals. The first warehouse was built in 1900, with a deposit of 5,500 quintals, at Tiszaújlak. All these co-operative societies are affiliated to the Central Co-operative Credit Society, but they have two different kinds of organisation. Some of them are independent co-operative societies and some are dépôts for the village credit societies. Three of them are independent co-operative societies, and the others are organised among members of the co-operative credit societies. The State does everything possible to encourage their working. In the earlier years the State contributed a fixed sum to the initial expenses, from 4,000 to 8,000 crowns at most. Since 1904 there has been a desire to encourage the creation of these co-operative societies in a more efficacious manner, and the

Ministry of Agriculture gives them aid to the extent of 5/6 of the expenses of building and initial establishment. They have adopted the system of storing and manipulation for their work ; by this system, the society does not buy the wheat from the members, but simply accepts it in deposit, imposing a storage fee, making advances, and serving as middleman for the sale. The rules allow that loans in the proportion of 75 % of the estimated value of the wheat may be made to the farmers, and the society endeavours to sell the wheat on the best terms possible. The special conditions of the markets of late years and the results of the last crops have not been at all favourable to the warehouses, several of which are empty, which explains the small success of the efforts to increase their number.

In our country, the sale of agricultural produce is carried on on a still larger scale by the *co-operative dairies*, which is very natural, seeing that it is estimated that there are 6 million head of cattle in Hungary and that the small farmer goes in for live-stock breeding by preference. They have from 70 to 75 % of all the cattle of the country in their hands, and can sell their milk and the milk products at less expense and greater profit by co-operation. The co-operative dairies are to be found most extensively in the counties of Baranya and Moson. In this branch of the co-operative movement the State has given most energetic and most important assistance. As the dairies have no social centre yet, the Ministry of Agriculture concerns itself with their organisation and control, giving them national assistance. They are, however, always struggling against a multiplicity of difficulties, because they have to conform to the Commercial Code, and their already numerous anxieties are increased by the book-keeping and the compulsory registration at the courts. This is the reason why they have not attained the expansion that might have been expected in a country occupied in the rearing of live-stock. The co-operative dairies numbered 541 at the end of 1909. In several communes they have preferred merely to adopt the form of a social union and to establish a dairy market. In some counties (Zala, Sopron, Bács-Bodrog, Baranya, Torontál and Temes) they are grouped into federations. These federations have an important rôle in the development and encouragement of the dairies. The finest results have undoubtedly been obtained by the Association for the Raising of Horned Cattle at Magyaróvár, which comprises 18 co-operative dairies under the supervision of M. Emery Ujhelyi, the learned Director of the Academy of Agriculture at Magyaróvár.

These co-operative societies work with a greater certainty of success than the others ; they sell eggs as well as milk, and make the surplus milk into butter or chesse, which they export in considerable quantity, mainly to Vienna. The 18 co-operative societies produced 2,943 hectolitres of milk during the past year, 57,205 kg. of cheese, and their receipts were 430,000 crowns, each farmer receiving an average of 222 crowns.

We have still to mention the co-operative wine Societies, which will play an important part in Hungary, a wine-growing country *par excellence*. They are few in number, because they have to fight against the same difficulties as the co-operative wheat stores, and some of them have for this reason been transformed into limited liability societies. The National Association of Hungarian Wine-growers is at the head of the movement, which has succeeded in taking root only in a few eminently wine-growing districts. They have replanted the greater number of the vineyards which had been devastated by phylloxera, with the result that the production has continually increased and threatens to become overproduction, thus bringing the subject of the co-operative wine societies into prominence. The Ministry of Agriculture is concerning itself seriously with the project of the organisation of the sale of wine, and this project cannot leave out of consideration the wine societies.

§ 4. *Co-operative Distributive Societies.*

This is the second fully developed branch of co-operation in Hungary.

Its chief centre is the "Ant, the co-operative distributive and sale society of the Hungarian Farmers' Federation". Starting on a very modest scale and aided by the munificence of Count *Károlyi*, this centre has always observed and still observes the following principles in its relations with its affiliated societies: A village co-operative society which makes up its capital by small weekly payments cannot open its shop before having collected the necessary funds for the installation and the acquisition of a certain stock of merchandise. It sells its goods for cash and must avoid as far as possible giving credit, in order to accustom the people to thrift. It cannot distribute more than 5 % of its net profits to the shareholders, the surplus being placed to the reserve fund until all the debts of the society are paid; this condition once fulfilled, the whole of the net profits may be distributed amongst the members, as "repayment after sale". The society possesses still other means for aiding its members financially and in their farm work, for instance: it may establish popular libraries, farmers' clubs, egg depots, etc. The society must submit to the control of the "Ant", and is obliged to buy from the "Ant" the goods which the latter sells at the same or a lower price than the wholesale merchants. On the other hand, the "Ant" allows the society a certain credit, and gives a share of its profits to the co-operative societies which have made the largest percentage of purchases.

The same principles have been adopted by the *Christian Co-operative Societies' Centre* in regard to their affiliated co-operative societies, which

only differ from those of the "Ant", by virtue of this qualifying term "Christian". These latter started at the same time as the others, and their organisation was largely influenced by the Catholic renaissance, the result of the struggle which was being carried on in the field of ecclesiastical policy.

All these co-operative societies are based, without exception, on the Commercial Code. Their directors do not as a rule receive any remuneration; the manager of the shop alone is recompensed, and he receives also a percentage of the turnover. The members take shares of 20 crowns at least; they have one vote only, and single liability equal to or double the amount of their shares. The societies sell to non-members also, and this has occasioned much protestation from the shopkeepers, but they are not exempt from taxes and duties. They devote a large proportion of their net profits to philanthropic and benevolent work, and to the publication of works on co-operation.

The most active promoters of the co-operative distributive movement are the village curés, schoolmasters and notaries. In several places simple village farmers may be met who are at the head of a co-operative society of this character, and this is an interesting fact, because it shows that the co-operative movement is developing the commercial sense and ingenuity of the simple village population. The co-operative societies are therefore genuine commercial schools for the villagers.

In addition to the two great Centres, the Raiffeisen Federation of Transylvania includes co-operative distributive societies, which have adopted the Raiffeisen principles.

The total number of co-operative distributive societies in Hungary in 1909 had 290,114 members and a capital of 9,996,301 crowns. Of these societies 910 belong to the "Ant," 438 to the Christian Co-operative Centre and 37 to the Raiffeisen Federation, while 112 work independently for the most part in the large towns.

The evolution is most vigorous amongst those affiliated to the "Ant". This fact must be attributed not only to the commercial ability and conscientious direction of the Central society, but also to its good control organisation, and especially the establishment of the branches and provincial centres for the purpose of facilitating the trade in merchandise. These branches are provided with depots which are as well arranged as the Centre at Budapest itself. There are four of these branches: in Transylvania, in the North-west region, at Nagyszombat and Balassagyarmat. It goes without saying that these provincial centres are able to facilitate the transport of merchandise and make it much cheaper, thus aiding the administration and expansion of the co-operative societies.

The work of organisation is even more strongly sustained by the Congresses organised each year by the "Ant", and the regional conferences,

which are convoked several times in the year in certain regions when required. The managers of the co-operative societies present their desires and complaints before these latter, in order that the Centre may take note of them and arrange its action accordingly. During the past year 31 conferences have been held.

This movement has been in existence for twelve years, and during that period the number of co-operative societies has risen to 1,000. The first of these distributive societies was founded at Brogyán, and the thousandth society affiliated to the "Ant" was inaugurated with great pomp at Dämsöd on March 15th., 1911.

The development of the Christian Co-operative Distributive Societies, the Centre of which began its work in 1899, is shown in the following table, which covers the whole of the co-operative societies belonging to this union :

| Year | Number of Co-operative Societies | Number of Members of Co-operative Societies | Number of Shares | Value of Shares | Annual Business Done |
|--|----------------------------------|---|------------------|-----------------|----------------------|
| 1899 | 30 | 4,800 | 19,200 | 38,400 | 750,000 |
| 1900 | 107 | 17,120 | 68,480 | 136,960 | 2,675,000 |
| 1901 | 163 | 26,080 | 104,320 | 208,640 | 4,075,000 |
| 1902 | 214 | 34,240 | 136,960 | 273,920 | 5,350,000 |
| 1903 | 261 | 41,760 | 167,040 | 334,080 | 6,525,000 |
| 1904 | 294 | 47,040 | 188,160 | 376,320 | 7,350,000 |
| 1905 | 320 | 51,200 | 204,800 | 409,600 | 8,000,000 |
| 1906 | 360 | 57,600 | 230,400 | 460,800 | 9,000,000 |
| 1907 | 381 | 60,960 | 243,840 | 487,680 | 9,525,000 |
| 1908 | 402 | 64,320 | 257,280 | 514,560 | 10,050,000 |
| 1909 | 438 | 70,080 | 280,320 | 560,640 | 10,950,000 |
| 1910 | 466 (1) | 74,560 | 298,240 | 596,480 | 11,650,000 |
| (1) 2 millions of the business included for 1910 was done by the Centre. | | | | | |

The development of the Christian co-operative societies has received a fresh impetus for some time past through the support of the Popular Catholic Federation, which was founded recently and has already won over vast sections of the population, although it puts no difficulty in the way of the affiliation of the co-operative societies to the "Ant", which is like-

wise composed of Christian elements; on the contrary, it leaves the societies complete liberty of choosing the group to which they will belong. This movement also is gradually developing, although less rapidly and on a less solid basis than the co-operative societies placed under the aegis of the "Ant".

The development of the co-operative distributive societies of the Raiffeisen system in Transylvania has not assumed large proportions, but it is none the less solid and constant. The societies are in very close relations with one another, and belong, as well as the credit societies of the Raiffeisen Federation, to the Centre of Nagyszeben. There were 37 of them in 1908, with 2,150 members, while at the end of 1909 these numbers had become 42 and 3,144 respectively.

Together with the co-operative credit societies, they celebrated last autumn the 25th. anniversary of their organisation.

The reproach is frequently brought against the co-operative distributive societies that failures are too frequent among this kind of union, but this reproach is only just up to a certain point. We have only to examine the last report of the "Ant" to see that in 1909 there were only four failures. It cannot be denied that the proportion of failures amongst co-operative societies is much lower than that amongst shop keepers. And if these failures are at times inevitable amongst the co-operative distributive societies, the cause must be sought for in bad management or abuse of trust by the managers. In order to obviate this defect, the last Co-operative Congress proposed as a remedy to attach the managers to the organisation by stronger bonds, creating for their benefit an old age pension bank.

The pension bank for the managers which is now in preparation, will be based on the following principles. The insurance will be compulsory for the affiliated co-operative societies, and the insurance will remain in force if the employee passes from one society to another. Half the insurance premium is paid by the societies, and the amount of the insurance is arranged between the society and the employee. The insurance includes also the family of the manager.

Most of the co-operative distributive societies have undertaken, amongst other things, the co-operative organisation of the distribution of meat and the sale of drinks. This last enterprise, whilst exercising a great influence on the morals of the people — who are less inclined to drink in shops under the control of the village schoolmasters than in the ordinary public houses — gives a salutary direction to the consumption by accustoming the people to drink wine rather than the more dangerous brandy. In order to supplant the anti-hygienic drinks, the "Ant" itself manufactures liqueurs for the co-operative societies and keeps large wine

cellars at Budafok. Several co-operative societies also sell wine to their members.

At the present day distributive co-operation is continually developing on a sound basis, because, having passed the period of the formation of new societies, it is now able to give itself up to the development of those existing. Thus, in these days, we meet with co-operative distributive societies in villages counting but a few hundred inhabitants, the yearly business of which is from 50,000 to 60,000 crowns. The business done by all the co-operative societies depending on the "Ant" is 40,000,000 crowns a year. These figures are sufficiently eloquent. Co-operative business done to the amount of 40,000,000 crowns is a safeguard against exorbitant sale prices not merely for the village populations concerned, but also for those outside the co-operative societies.

§ 5. *Co-operative Insurance.*

The organisation of co-operative insurance also began about 1890. The farmers who were also cattle breeders had difficulty in supporting the heavy losses due to epidemic cattle disease. Livestock insurance societies were to be found here and there, but they had no legal basis, not having at their disposal the guarantee fund of 200,000 crowns required by law for the constitution of an insurance society. Centralisation has been favourable to such an enterprise; in fact, twelve years ago the Mutual Association for Livestock Insurance was constituted on a co-operative basis, with a guarantee fund of 200,000 crowns, and it at once set to work to organise co-operative insurance societies in the small villages, establishing branches there.

It founded a co-operative society in the communes counting at least 150 head of cattle and 20 stock farmers. The members of these societies pay premiums of from 1 to 5 % a year, according to the value of the animals and the death rate; the Centre reinsures them at a premium of $\frac{1}{2}$ % of the value of the animals insured. The value of the shares is 4 crowns, and an entrance fee of some centimes per head of cattle is charged. The compensation paid is 80 % of the value of the dead animal. In addition to paying compensation the societies also concern themselves with the hygiene of the animals.

There are 184 co-operative insurance societies of this kind in the country, with 9,256 members insuring a capital of 4,336,958 crowns.

In order to encourage livestock insurance, which is of such importance in an eminently agricultural country, the Agricultural Department gives national subventions to the Mutual Livestock Insurance Association, on the foundation of each co-operative society.

Centralised co-operative insurance has been even better instituted in the other branches of agriculture, thanks to the exertions of the *Farmers' Co-operative Insurance Society*, which has established branches in the various Communes, instead of founding co-operative societies there. This Society started its work ten years ago under very unfavourable conditions and in an atmosphere of general mistrust. But prudent and tactful management has caused the last trace of apprehension to disappear from the minds of the Hungarian population, and this institution, which gains new ground every year, is to-day one of the most valuable insurance factors in Hungary.

The Hungarian Farmers' Co-operative Insurance Society is the only social and co-operative institution of the present day which deals in three branches of insurance, namely : fire insurance, life insurance and hail insurance. The three branches were introduced one by one, and with prudence, and the Society has only reached its present importance by degrees. In its administration the very possibility of profit is excluded for it fixes its insurance premiums at the minimum, on account of its co-operative character.

The first incentive to the foundation of this Society was given by the disastrous hailstorm of 1898, when the insurance companies formed themselves into trusts in order to double the premiums for insurance against hail. The farmers, at the instigation of Count Károlyi, then joined together for the organisation of insurance in all its branches.

The good results of the excellent commercial principles adopted by the eminent founders of the Farmers' Co-operative Insurance Society were immediately recognised, and there was an increase every year in the number of the members. Its rapid development will be made manifest by an examination of the yearly accounts published in the official statistics from its foundation up to the present day. The sums insured during this period in fact increased as follows.

Fire Insurance:

| Year | Sums Insured | Premiums Paid | Claims Paid |
|--------------------|--------------|---------------|--------------|
| 1900-901 | 75,252,627 | 193,731.12 | 20,030.85 |
| 1902 | 112,838,744 | 294,168.15 | 187,274.66 |
| 1903 | 136,530,706 | 389,813.95 | 193,169.04 |
| 1904 | 229,917,927 | 695,342.17 | 520,293.45 |
| 1905 | 255,153,203 | 753,131.07 | 524,437.52 |
| 1906 | 281,676,363 | 935,176.74 | 466,282.90 |
| 1907 | 375,122,899 | 1,335,618.57 | 583,488.63 |
| 1908 | 537,203,961 | 1,855,126.64 | 880,659.73 |
| 1909 | 659,617,553 | 2,399,625.12 | 1,011,569.76 |
| 1910 | 757,985,407 | 3,063,849.08 | 1,401,207.10 |

Hail Insurance:

| Year | Sums Insured | Premiums Paid | Claims Paid |
|--------------------|--------------|---------------|-------------|
| 1900-901 | 8,318,320 | 248,375.21 | 124,527.88 |
| 1902 | 15,388,175 | 424,542.43 | 134,831.02 |
| 1903 | 16,829,283 | 466,644.52 | 94,972.94 |
| 1904 | 17,694,009 | 478,209.40 | 96,258.24 |
| 1905 | 19,333,176 | 525,481.76 | 206,243.23 |
| 1906 | 20,769,291 | 506,522.27 | 323,543.53 |
| 1907 | 23,489,932 | 549,750.76 | 425,591.30 |
| 1908 | 26,607,483 | 654,356.32 | 385,911.87 |
| 1909 | 35,362,898 | 852,570.03 | 582,046.14 |
| 1910 | 54,095,929 | 1,188,748.12 | 875,582.93 |

These figures are an eloquent proof of rapid progress and excellent management, and the most obstinate enemies of co-operation must bow before them.

And if it be taken into consideration that this Society has always been exact in fulfilling its engagements, not only towards the members who had claims for damage, but also towards the founders, who have always been punctually paid their interest at the maximum rate of 5 %, and further that the members have already twice received back their premiums, and that by the end of 1909 the Society had been able to put by a reserve of 3,915,663.54 crowns, it cannot be denied that the action of this society has been a striking victory for co-operation in a field in which it has no competitors in Hungary, namely, in that of the three several branches of insurance. Like all other insurance undertakings, the Farmers' Co-operative Insurance Society has taken care to limit its risks by means of reinsurance. In this field the society has already prosperous relations abroad so that it is able to reduce its risks at need. Its jubilee year, which has just come to a close, has been rendered memorable by the active participation of the Society in the foundation of an independent re-insurance institution, so that one more success is added to the many successes of the Society.

The operations of the Society are spread all over Hungary, and insurance societies are becoming more popular in the country every day, thanks to its altruistic principles, its excellent organisation and the vast network of its agencies, established in all the important centres, such as Pozsony, Balassagyarmat, Miskolc, Kolozsvár, Debrecen, Brassó, Arad, Szeged, Temesvár, Karlóca, Széresfehérvár, Kaposvár and Késmárk.

The Society held its jubilee General Meeting on March 9th., 1911, on the occasion of its tenth anniversary. The struggles of these ten

years were set forth in a special report drawn up by Jules Rubinek. It was decided at the General Meeting, amongst other things, that a sumptuous central building should be built in a well frequented part of the Capital, where the Society should continue its excellent work.

Co-operative insurance is also undertaken, as an accessory, as we mentioned before, by the Hungarian Farmers' Co-operative Society, the main business of which is the sale and purchase of merchandise.

§ 6. *Co-operative Farms.*

Towards the end of the last century, very serious disturbances were brought about in certain districts by socialist agitations. The agitators not only incited the reapers to go on strike, but they succeeded also in disquieting the small farmers, by flashing before them fantastic images of land distribution. These agricultural socialist agitations were not socialist movements properly so-called, since they did not aim at the abolition of private property. On the contrary, they made the agricultural population believe that the small farmers would receive most extensive areas of land as their own property, thanks to the confiscation of large domains and especially of the Church estates. These agitations degenerated into bloody revolts in several places, and the public authorities had to resort to armed force in order to quell them.

The revolts, however, had after all a salutary reaction, since they drew the attention of the governing body to the condition of the people. Ignatius Daranyi, then Minister of Agriculture, presented an entire series of Bills to Parliament for the public good. The Bills regulated the relations between the farmer and his labourers, between the farmer and the inspector, and between the farmer and his workmen; they also provided a system of insurance for agricultural workmen and labourers. Darányi entered the division of land into small lots on the programme of his Department, as well as the institution of settlements on the land, in order to safeguard the farmers by every possible means against the oppression of the strong and against speculation.

Together with these laws for the public welfare presented by the Agricultural Department, the organisation of co-operative farms has appreciably contributed to the general pacification.

The Federation of Hungarian Farmers, faithful to its social vocation, of seeking out remedies for evils, proposed co-operative farms as a means of establishing peace in villages suffering from a deficiency of land. This idea did not raise excessive hopes, especially amongst the landed proprietors, who did not see in moneyless farmers a sufficient guarantee that they would be able to fulfil their obligations in regard to their farm leases.

The Farmers' Federation was, therefore, compelled to set the example, in order to familiarise those interested with the new idea. The population of a village belonging at that time to an agrarian socialist group asked the Federation to intervene for the leasing of a domain of the bishopric of Nagyvárad, which covered an area of some thousand arpents.. The inhabitants of the Commune of Mezögyán and some farmers of the two neighbouring villages, to the number of 79 in all, were the members of the first co-operative farm in Hungary; it was 600 arpents in extent, and about 12 arpents were allotted to each member. The minimum fixed for a lot was 3 arpents. The Farmers' Federation at once drew up the rules of the co-operative society, and they have served as a model for the societies constituted afterwards.

The organisation of this society is similar to that of the co-operative distributive societies, being based on the Commercial Code. Its members pay an entrance fee, and subscribe for a 100 crown share, the interest on which serves to cover the expenses of the society. In addition to the rules, the farmers respectively undertake, in the lease which they contract with the proprietor, to remain members of the co-operative society throughout the entire duration of the lease, and to keep all its engagements. The society may exclude negligent members. The lease is the only *raison d'être* of the society, and its duty is to see that the land is properly cultivated and to buy certain necessary articles in large quantities. It has nothing to do with the working of the farm, but it has to arrange for the division of the land in lots amongst the members, each member cultivating the part allotted to him according to his fancy.

In order to procure the credit for the necessary stock of implements, the Farmers' Federation, in addition to giving great facilities for the creation of co-operative farms, thanks to its moral guarantee, so organises the farms as to allow of their members entering the co-operative credit societies already existing in the village, where they can get the necessary loans. The Federation assured itself of the collaboration of the Central Co-operative Credit Society for this purpose, and that Society thus became one of the protectors of co-operative farms.

It is only a few years ago that the first co-operative farm was started at Mezögyán, and there are already several others in the country those: of Mezögyán, Brogyán, Mezökereesztes and Kalocsa set a fine example to the other villages and the big proprietors by their rapid development encouraging them to start others. The Farmer's Federation, which is only now in its beginning, is at the present moment preparing to organise the central control, supervision and information service. This organisation is just as necessary here as in the other branches of co-operation. The Department of Agriculture is giving valuable aid in this work, having adopted the principle of not granting national subsidies except to the farmers'

co-operative societies which submit to the supervision of the Hungarian Farmers' Federation.

The Farmers' Federation has established direct relations between this movement and the return of Hungarian emigrants from America, who, having more or less important sums of money at their disposal, would be glad to buy land, but have to content themselves with leasing farms, on account of the exorbitant price of landed property.

The co-operation of farmers is not likely to branch out in new directions, however, until it has special credit resources at its disposal. The Farmers' Federation is well aware of this fact, and it has therefore begun to organise a special centre provided with the necessary funds for the co-operative farms. Much is hoped from the Bill which has been prepared with such care by the Ministry of Agriculture in regard to settlements and insuring important new concessions to the farmers' co-operative societies.

When the encouragement of live-stock improvement was resumed, the Farmers' Federation made out the rules of the pasturage co-operative societies; according to these rules, these societies would undertake to farm pasture lands and to hire shepherds.

§ 7. *Co-operative Agricultural Machine Societies.*

The union of the agricultural population in the farmers' clubs, the popular instruction in agricultural knowledge, and more particularly the popular winter lectures of the Ministry of Agriculture opened the way for technical science and for farming with machinery. In the region inhabited by the Sicilians nearly every farmer has his "machine shed", where the drill machines, thrashing machines, sorters, reaping and other machines belonging to the small farmers' co-operative societies are kept. More powerful machines are acquired in the South, and the farmers have joined together in veritable co-operative societies; at the present day there is a steam plough for every 4 or 5 communes, belonging to a co-operative society of from 20 to 25 small farmers, who thus have at their disposal a machine which is worth from 15,000 to 20,000 crowns. The small German farmers of the South are better off and more modern from the agricultural point of view and it is therefore quite natural that the first steam plough co-operative societies should have been formed amongst them, on the initiative of the Economic Association of Southern Farmers. In addition to this numbers of small farmers in different places, exasperated by the reapers' strikes of late years, have joined together to form co-operative societies for the use of thrashing machines. Thus, in several parts of Lower Hungary, machines are used to till the ground, to gather in the

harvest, and almost everywhere, to thresh the corn. The Ministry of Agriculture has granted aids to this class of co-operative society.

§ 8. *Co-operative Centres and Groups.*

The harmony which reigns in the whole of the Hungarian co-operative movement, in spite of diverging interests, is also revealed in the organisation of the co-operative centres. It was the munificence, based on ardent and convinced patriotism, and the untiring and philanthropic action of Count Károlyi, which was responsible for the initiation and support of the organisation work in every part of the country. He was barely seconded in the beginning by a few faithful friends, amongst whom Ignatius Darányi, ex Minister of Agriculture, was one of the most devoted, a veritable Meacenas of the co-operative movement. By his action when Minister, the State became the chief protector of this movement and even the creator of the Central Co-operative Credit Society. Stephen Bernát, the creator of the co-operative press, worked with prodigious assiduity and zeal in the same rank as these two pioneers of co-operation; he was the distinguished writer of the co-operative movement for more than thirty years, and established for it a genuine patriotic and social school by uniting in one group the authors of "Co-operation" (*Szövetkezés*).

Under the direction of these eminent men a moral centre was established for the work of co-operation and soon became its chief resource, namely, the *Hungarian Farmers' Federation*, the of which mission, as before mentioned, was not simply to raise the village population from the social point of view and protect existing co-operative societies, but also to become the continually vigilant organ of all the co-operative work of the country and continually to start new offshoots from the co-operative stem. The constitution of the *Federation of Hungarian Co-operative Societies* in 1908 was due to its initiative, and the greater part of the co-operative activity is divided between these two bodies; especially as regards co-operative literature and instruction, the re-establishment of harmony amongst the co-operative societies and the representation abroad of the Hungarian co-operative movement. We do not believe that there is another country which has succeeded, as Hungary has done, in joining in one federation all the co-operative societies of the country. The *Federation of Hungarian Co-operative Societies*, in fact, includes all the co-operative centres and groups of the country, a phenomenon which has no parallel in the world.

The great central co-operative societies preceded the formation of the groups; because the *Hungarian Credit Foncier*, the *Small Farmers' Credit Foncier* and the *Hungarian Farmers' Co-operative Society*, all three

of which were established to satisfy the demands of the farmers for mortgage loans, were founded at an earlier period, and it was not until later that the first regional groups of co-operative societies were formed: the *Co-operative Credit Society of the County of Pesth* with its national successor the *Credit Institute of the Co-operative Societies of the Country* and its successor, the *Central Co-operative Society of the Country*, in 1898. Towards the end of the century the co-operative movement had reached the period of great centres with the foundation of the "Ant", the "*Central Bureau of the Christian Co-operative Societies*", the "*Farmers' Co-operative Insurance Society*", the "*Hungarian Mutual Live-Stock Insurance Society*" and the "*Federation of Servian Farmers' Associations*."

All these centres and groups, joined together in the Federation of the Hungarian Co-operative Societies for the purpose of propagating the cause of Hungarian co-operation, have always considered it their duty to develop and encourage to the utmost degree possible every branch of the co-operative movement. With this object they co-operate in perfect harmony, even when some of them are working side by side at the same class of co-operation. In addition to commercial activity, all their care is bestowed on co-operative literature, on the popularisation of co-operative information, and they represent the interests of the co-operative society in every emanation of public life, from communal administration to legislation, so that they form a special organisation for the protection of co-operative societies. Their task is facilitated by the circumstance in which nearly all of them are placed, under the direction of the most distinguished personages of the agricultural world.

§ 9. *The Action of the Public Administration in the Domain of Agricultural Co-operation.*

The administrative organisation is of increasing interest in this movement, since the State is actively protecting co-operation. For several years past the Government has been penetrated by the thought that the public authorities are not only the directing factors but also the protectors of the people, and that they ought to care not only for the maintenance of public order but also for the well-being of the people. This point of view and the new tendency which prevails in agricultural policy in our days, making it a primary duty to raise the material condition of the small farmers and agricultural labourers, — for which end co-operation offers the best means — are sufficient to explain the greater activity of the authorities and agents of Public Administration, and especially of the Agricultural Administration, in regard to the co-operative movement.

The Ministry of Agriculture takes an equally active part in the organisation of co-operative societies, in the collecting of information and in the control and protection of these unions.

The organising action of the Ministry is particularly shown in the co-operative dairies and in the co-operative societies for domestic industry. In fact, the co-operative dairies still lack centralisation, and that is why everywhere, with the exception of the County of Moson where the co-operative dairies are under the management of the Live-Stock Improvement Association at Magyaróvár, it is the Ministry of Agriculture that has been organising co-operative dairies throughout the country, publishing a report every year on the results of its action. The last report (1910) shows that in 1909 the Ministry founded 43 new co-operative dairies, bringing the total number in the country up to 541. The Ministry supplies these co-operative societies with the documents necessary for their establishment, and even sends one of its representatives to the foundation ceremony, with instructions to give all necessary information. In addition to this, the Ministry supervises the societies and comes to their aid in the making out of balance sheets and accounts at the end of the year. It also accords them other privileges, distributing butter making and milk machines, and giving them grants in money.

The Ministry also has special instruments at its disposal for the organisation and protection of the co-operative societies for domestic industry, which supply the agricultural population with work during the winter period of unemployment. The Ministry holds courses of instruction in domestic industry, establishes willow nurseries and provides the societies with the necessary materials and machinery, and with considerable grants of money. It has also established several warehouses and a spinning mill for their benefit. All these societies obtain the necessary credit from the Central Co-operative Credit Society, and conduct their sales through the medium of the "Ant" and the National Federation of Domestic Industry. According to the Ministerial report, there were 75 co-operative societies of domestic industry at work in 1909, with 4,669 members and 6,293 shares (*parts*) of the total value of 138,955 crowns. The members of the co-operative societies have made 850,508 articles altogether, the sale of which brought in a total of 457,158 crowns.

There are several countries, notably in the Siculian counties of Transylvania, and in those of the North-west and North (inhabited by Slovaks) where the agricultural government, desirous of raising the poor folk who are oppressed by the usurers, has installed special delegations charged, amongst other things, to organise co-operative dairies and co-operative societies for domestic industry and to protect them by every means in their power. These three delegations — the Siculian, that in the mountain region and that in the North — organise co-operative credit societies in

collaboration with the Central Co-operative Credit Society, and co-operative distributive societies with the "Ant" and co-operative live-stock insurance societies with the Mutual Association for Live-stock Insurance. In 1909 there were, in the territory of the Delegation of the mountain regions, 143 co-operative credit societies, 77 co-operative warehouses for the produce of the soil, 34 co-operative distributive societies, and several co-operative dairies and live-stock insurance societies. In the territory of the Siculian Delegation there were 139 co-operative distributive societies, 285 co-operative credit societies, 46 co-operative dairies and 55 live-stock insurance societies, without counting several co-operative societies for agricultural machinery. All these groups receive moral and financial assistance from their respective Delegations.

The Ministry of Agriculture also protects all classes of co-operation throughout the country, either by pecuniary assistance or by arranging for its agents, professors of agricultural institutes, itinerant lecturers and inspectors of agriculture — to give any advice, information or explanations which may be necessary to the members. In the distribution of subventions the Ministry keeps to the principle of assisting those co-operative societies only which give proof of some vitality and have the land necessary for their operations; in other words, the State does not give its money to assist insolvent co-operative societies. Several thousand lectures are organised every year at the Hungarian Farmers' Federation, the Delegations, and the Departmental Associations of Agriculture, and these lectures are also valuable factors for the co-operative propaganda.

The agricultural, commercial and financial administrations have an equal influence on the working of the Central Co-operative Credit Society. We explained above the manner of this influence and protection. We desire to add now, on the subject of the co-operative live-stock insurance societies, that they receive an aid of 400 crowns from the Ministry of Agriculture toward the initial expenses of their establishment. We have spoken elsewhere of the co-operative wheat stores, the building expenses for which were supplied up to 5/6 of the whole amount by the State reserving to itself the right of proprietorship over these buildings.

Of late years the Department of Public Instruction has taken the cause of the co-operative societies instituted for the benefit of villagers under its protection. School teachers are considered to be the best propagandists of co-operation, and that is why the former Minister of Public Instruction, Count Albert Apponyi, sent round a circular to all school teachers and inspectors inviting them to do their utmost in favour of the movement and to encourage the foundation of co-operative societies.

In addition to the exertions of the Government, a propaganda of equal importance is made by the self governing public administrative bodies, that is to say, by the communes and counties. Under the influence

of the social policy of the past few years, several prefects have issued orders for the departmental and communal functionaries to encourage and protect co-operation, and several communes and counties have accorded aid to these societies; some of them have placed the funds of the Orphans' Banks with co-operative societies. In fact, more than one co-operative society owes its extension to the intervention of the village notary, who managed and directed it.

In spite of the importance of the official protection of the public authorities, however, the natural basis of co-operation is social action, and the assistance of the authorities is only of a subsidiary character ; it is also sporadic and limited in extent, especially as regards the co-operative distributive societies.

PART II.

INSURANCE.

INSURANCE

GERMANY.

I. — CURRENT QUESTIONS.

Social Insurance in Germany and the German Farmer (*continuation*).

PART II.

The Creation of a New Imperial Code for Social Insurance.

Sources :

See Bulletin No. 8, August 31st, 1911, as well as:

ADOLF GÜNTHER : Die deutsche Reichsversicherungsordnung, in « Annalen f. Soziale Politik und Gesetzgebung ». I Bd. 2 u. 3 Heft, 1911.

ALFONS FISCHER : Die sozialhygienische Bedeutung der Reichsversicherungsordnung, in « Zeitschrift für Volkswirtschaft, Sozialismus und Verwaltung ». XX Bd., 1911, Heft V. Wien und Leipzig.

L. U. V. (Landwirtschaftliche Unfall-Versicherung). Handbuch mit Erläuterungen. Von H. Nötel, Geh. Reg. Rat und Landrat in Posen, Vorsitzenden der Ständigen Kommission der deutschen landw. Berufsgenossenschaften. 1911. Paul Parey.

Reichsarbeitsblatt.

Zentralblatt der Reichsversicherung.

Die Berufsgenossenschaft.

Mitteilungen der Handelskammer zu Berlin.

Bericht über den XXV ordentlichen Berufsgenossenschaftstage v. 27 Mai 1911 zu Lindau im Bodensee.

§ 10. Its origin.

In the first part of our study we examined the present condition of the social legislation in Germany. Although this great legislative work is not without a guiding line, it cannot be denied that the complexity of the provisions relative to the different branches of insurance and contained

in the 8 separate laws render them anything but clear and intelligible for the great majority of the persons insured, or even for the managers of the insurance institutions and funds. The triple division of the text, the existence of very different administrations and tribunals, the great number of supplementary provisions, and lastly, the continual reference of one paragraph and one law to another, favour the unfortunate intervention of certain unsatisfactory agents, uselessly increase the number of trials and necessitate the institution of special offices.

If to these decided disadvantages of form be added the previously noted tendency to an amplification of the social work, it will be easy to understand why a reform is insisted upon, as well as the remodelling of the existing laws. A large number of the most competent German writers on the subject of social insurance, such as Schäffle, Freund, Kulemann, Seybold, v. d. Osten, Bödiker, Duttmann, Stier-Somlo, Maes, etc., insisted on the necessity for this years ago; unhappily, however, they differ as to the method of the reform to be carried out, and the opposition of interests has caused obstacles to arise which are apparently insurmountable, and have only been partly disposed of in the new Code.

In the first place there was a difference between the absolute reformers, who wanted to have an uniform basis for insurance, at the same time enlarging its sphere of action both in regard to the number of persons insured (workmen of all kinds, including those earning a high wage) and the class of insurance (insurance for the benefit of survivors, for maternity cases, for unemployment, etc.), and on the other hand those individuals, few enough, for that matter, who are against the limitation of individual responsibility, the Conservatives and the Government, anxious for the finances of the Empire.

In addition to this, there was a certain conflict of interests between the town and the country, between masters and men, between the different institutions and the Insurance Funds.

The first step on the road to reform was made by the Wiedfeld project, which has the merit of having being drawn up in an endeavour to smooth out the difficulties. Wiedfeld proposed to base the whole insurance system on the union of the local sick insurance Funds, and the project was favourably received. From the date when it was drawn up, however, to the period when it was published by the Imperial Bureau of Social Insurance, that is, in April 1909, many important modifications were made in it.

The work of Wiedfeld, divided in 1,793 paragraphs, was presented to Parliament a year later, in March, 1910, and was then sent for examination to a Special Commission composed for the most part of men interested in the study of social insurance. This Commission brought its labours to an end in February, 1911, and the new Bill was read in Parlia-

ment for the second time on May 5th, and May 27th of the same year. It has been suggested that this reading was too rapid for so long a Bill, but it was however, passed, by a majority of 232 votes to 58 against and 15 abstentions. Those who were against the Bill were the Socialists, Liberals and National Liberals, its partisans being the Conservatives.

At the beginning of June the Federal Council approved the Law, which received the sanction of the Emperor on June 19th., 1911. It was then published in N° 42 of the Imperial Bulletin of Laws (*Reichsgesetzblatt*.)

The new Law, codified in 6 volumes, and comprising 1805 paragraphs, with an introduction in 104 Articles, has not been applied all at once in its entirety. Whereas the measures prescribed for its application enter into force at the time of the publication, vol. IV (insurance against invalidity and for the benefit of heirs) cannot be applied until January 1st., 1912, and the other parts at different periods to be determined by Imperial decrees.

It was at first proposed to put into force, on July 1st., 1911, the articles concerning insurance against sickness and accidents, but the obstacles put in the way of the application of the innovations carried in this field necessitated the change of date above mentioned. We may add that in virtue of the introducing Law, the old corresponding laws are abrogated by degrees as the various parts of the Code enter into force.

§ II. *The Work of Unification and the Chief Innovations.*

Although opinions are very divided as to the advantages and defects of the new Law, the public has been almost unanimously in favour of it, on account of the work of centralisation that it will accomplish.

As to the form, the legislature, it must be understood, does not entirely remodel the old insurance laws in one new Law, as most of the theorists would desire. It has restricted itself, on the contrary, to drawing them up in one single Code, allowing the triple division in insurance against sickness, accident and invalidity to continue, and only collecting together in the first volume the provisions common to the three branches of insurance.

It does not unify the bases, that is to say, the insurance institutes (*Versicherungsträger*), but it preserves the three old categories: funds, co-operative societies and institutions; all of which are institutions which have already become traditional, and, for the matter of that, been proved in practice. Another thing which prevented a reform in this direction was the economic order. The expenditure necessitated would have been too high, so that the legislature preferred to renounce all secondary alterations

such as had been frequently proposed, like that of joining insurance against sickness to that against accidents, or the latter to invalidity. Exception was made to this principle of differentiation in the insurance for the benefit of heirs, which was introduced into the Code by the new Law and was not instituted as a special branch, but was grafted on to the insurance against invalidity.

If the work of unification was not applied to the outer form and the bases of insurance, it was on the other hand extended to the interior forms, by the creation on one side of a more ordered and homogeneous system of administrations and tribunals and by the introduction of a more equitable method of fixing incomes, and on the other by enlarging the circle of insured persons to all classes of wage earners without distinction, and reducing on the whole (this, however, was in a restrictive measure and for opportune reasons) the provisions relative to certain classes of persons (farmers, domestic servants, seamen, etc).

In addition to these acts of unification which, in the matter of administrative jurisdiction, also considerably lighten the task of the Imperial Bureau of Social Insurance, some innovations have been introduced which, even if they do not respond to the views of the « Sozialreformer » certainly mark a stage on the road of progress.

First of all, it may be noted that the sickness insurance is extended to 6 or 7 million agricultural labourers and foresters, domestic servants, persons working at their own homes (*Heimarbeiter*) and piece workers. The insurance obligation extended to everyone earning a wage up to 2,500 marks must also be mentioned. On the other hand, some amplifications were made in the insurance of agricultural women labourers during their confinements, which are more of the nature of an innovation than of a modification.

The new Law then provides for the compensation of those women who nurse their infants. It extends the wage limit of workmen and foremen, etc, who are to be compulsorily insured, and institutes insurance for the benefit of heirs (mentioned above) consisting in the payment of an annuity or of compensation to widows or widowers (in cases of incapacity for work) and to children.

The Law, lastly, adjusts the conflicts of interests between the insurance funds and the doctors. On the other hand, while refusing for the time being and for reasons of a financial nature to lower the period for the enjoyment of the pension from 70 to 65 years, it charges the Federal Council to draft a bill for the settlement of this question and to present it to Parliament in 1915, thus providing for a reform in this important matter.

To sum up, these innovations, which we shall study more in detail further on, in regard to their importance in connection with agriculture,

undoubtedly present considerable advantages for the persons insured. They are also susceptible of being still more improved and developed in the future.

§ 12. *General Provisions.*

Before undertaking the study of the provisions concerning the agricultural labourer, whose insurance comes within one of the three categories, we will first pass in review these provisions in regard to those points which are common to each working class.

We shall only examine the essential questions here, beginning with *a*) the insurance institutions and *b*) the insurance offices, and ending with *c*) the procedure.

a) The Law, as we have already seen, leaves their triple division to the *insurance institutions*.

Insurance against sickness being now compulsory for all agricultural labourers, domestic servants and those working at their own homes or by the piece, societies will be founded for this branch similar to those already in existence for the benefit of industrial workmen. As we shall see further on, however, they are different from the latter in certain particulars.

All the institutions included in the three classes preserve their civil personality. They are represented and directed by a chairman. The administrative functions being honorary, no remuneration is paid for them and they cannot be filled except by German citizens (men or women) who are in the enjoyment of their civil rights and are not prohibited by law.

If the persons who assume these functions belong to the employer class, they must be men who employ at least one insured worker, or heads of undertakings or, if the case is one of co-operative accident insurance societies, the legal representatives of the members of the societies.

The administration of the sickness and invalidity insurance institution and those for the benefit of heirs includes among its members salaried individuals who are insured with the institution that they represent. These members have to remain in office for four years, and, except in certain cases admitted by the law, they are liable to a fine not exceeding 500 marks if they refuse. We have stated that these services are gratuitous, but the institution allows compensation for immediate expenses and loss of salary. If those employees who are earning a salary advise their masters in time of the obligation to perform their administrative functions on such and such a day, their absence cannot be used as an excuse for dismissal. After fulfilling their functions for at least two years the members may decline to be re-elected. They are responsible for their management,

and if any matter to be discussed is one in which they are personally interested they are prohibited from voting.

As to the capital of the various institutions, it cannot be used except in accordance with the provisions of the Law and to the same extent as the property of minors and orphans. It may be employed for the purchase of "public security" bonds or securities issued by the German mortgage banks on which the Imperial Bank pays loans of the first class. Or on the other hand, it may be used with the special authorisation of the Superior Control Bureau, which is also called upon to decide the way in which advances that may be made to the Communes are to be invested. The revenues are recovered in the same way as the Communal taxes. Arrears cannot be claimed after a period of two years dating from the expiration of the year when they became due. When payments have been made in excess they cannot be reclaimed after the lapse of 6 months.

As to the control kept by the special bodies, this relates to the observation of the laws and the rules as well as to the management and bookkeeping of the insurance institutes. The members of the special bodies may request the presentation of the books, inflict fines not exceeding 1,000 marks and arrange for the convocation of the administrators.

b) The *insurance offices* represent the public authority in the matter of social insurance.

These are divided into :

- 1) insurance offices ;
- 2) superior insurance offices ;
- 3) the Imperial Insurance Office or Bureau and the insurance offices of certain States.

The insurance offices, which it was at first intended to make completely independent under the direction of a special functionary (*Versicherungsamtmann*) who is competent in juridical matters, have finally been attached to the departmental administrations.

The law, however, authorises modifications in the distribution of these offices, if their needs require a more or less extended administrative district. The attributes of these offices consist in representing the interests of social insurance, furnishing all information concerning it, and assisting the insurance institutions in the management of their affairs.

The functionary charged with the local administration (*Landrat* : sub-prefect) is at the same time chairman of the insurance office. He has a substitute and in certain cases assessors, who are selected in equal numbers from among the employers and the insured administrators of the sickness insurance societies situated in the district and comprising at least 50 insured members. The election of the assessors is made in accordance

with the rules governing that of the administrators of the insurance institutions, except that women are excluded from these functions and that account must be taken of the distribution of employments in the district (agriculture, commerce, industry etc.).

Each office institutes one or more commissions composed of these assessors and charged to bring about an amicable settlement of the differences foreseen by the law, and a special commission which has to pronounce in the first instance on matters which are also indicated by the Law. The first include a chairman and two assessors, and the second a chairman and four assessors. Both chairmen and assessors are selected from amongst the masters and men in equal number. In certain cases the assistance of technical agents may be requested. The expenses of the office are borne by the State in which the office exists.

The *superior insurance offices* are founded in the second instance and pass the decision in arbitration cases and in matters of control. Their headquarters are the largest administrative districts (generally the provinces) and they may be common to several States with the consent of the respective Governments.

The superior office is composed of ordinary members and assessors. The members are public employees; the nomination of the Director is irrevocable. The latter may exercise other functions as well, and he is aided in his task by a member of the office, who acts as his substitute.

The assessors, who generally number 40, are elected half from among the masters and half from among the employees. The assessor masters are elected in accordance with a system of special division from the members of the insurance institute and from amongst those at the head of the co-operative insurance societies. The assessor employees are chosen from amongst the insured of the district.

Like the insurance offices, the superior offices are divided into two sections, the arbitration department and the judgment department. The chairman of the first is an ordinary member assisted by two assessors, one of whom is a master and the other an employee. The second department is composed in the same way, with the difference that the chairman is assisted by an ordinary member.

The superior office is subject to the supervision of the supreme administrative authority of the district, which supplies it with the supplementary staff as well as the premises for the offices. The expenses of the office are borne by the State where it is situated. For each arbitration concerning it the insurance institution pays a certain sum to the superior office; the amount of these sums, which must every four years be drawn up and revised in an uniform fashion for the whole of the Empire by the Federal Council, should be sufficient to cover all the expenses of the office with the

exception of the salaries of the members and the procedure expenses incumbent on the condemned party in the matter of sick insurance.

The *Imperial Insurance Office* at Berlin and the *State Insurance Office* of certain States where there are more than 4 superior insurance offices are the bodies to which appeal is to be made in the last instance in questions of social insurance. This last clause was an innovation of the Code, and the consequence of it is that no other State offices can be created in addition to the eight offices already existing.

The expenses of these State institutions are charged to the respective Governments, while those of the Imperial Office are borne by the Empire.

The Imperial Office is composed of ordinary and extraordinary members. Amongst the *ordinary members*, who are all presented by the Federal Council, the chairman, the directors and the chairmen "of the chamber" (formerly *Senatsvorsitzende*), are nominated by the Emperor, and the others by the Chancellor. The number of the *extraordinary members* is 32, and 8 of these are elected by the Federal Council (6 should belong to the Council itself), 12 from amongst the masters and 12 from amongst the workers. A corresponding number of substitutes is elected for the last two categories, who take the place of the members when the period of their charge has come to an end.

These new members, who must not be women, are paid and also receive their travelling expenses.

The Imperial Office is composed of a court of arbitrators of seven members and a court of five judges.

Trials of considerable importance are deferred to a supreme court formed of 11 members (up to the present 9).

A bookkeeping bureau is attached to the Imperial Office and is charged to deal with technical questions, such as the calculation of insurance, etc.

The organisation of the State offices is analogous to that of the Imperial office on the main lines.

c) Amongst the other general prescriptions, those concerning the *procedure* deserve first mention.

Any litigation in insurance questions is decided either by arbitration (chamber and court of arbitration) or by judgment (chamber and court of judges.)

All business relative to the rights of the insured as recognised by the law are examined in accordance with *arbitration procedure*, as well as those concerning the compensation received by the insured persons, in virtue of these rights, from insurance institutions and third persons.

The *judgment procedure*, on the contrary, is applied to all other litigation, that is to say, to questions of administrative law.

It follows that all that concerns the obligation or non-obligation of insurance, the creation and dissolution of sickness insurance funds, the compul-

sory adherence of an undertaking to an insurance institution or co-operative society, the validity of the regulations and rules, the fixing of fines, etc., comes within the judgment procedure.

As to this judgment procedure, which is not uniform, it requires a separate study for each of the three branches of insurance.

In regard to *sickness insurance*, it must first be noted that no payment is granted by the insurance funds except in response to a special demand sent to the fund or to the responsible person (employer).

Cases of litigation are decided in the first instance by the district insurance office where the insured had his domicile at the time the demand was sent.

A provisional decision may, in all cases, be taken by the chairman, and revoked afterwards in accordance with the same procedure as the judgments, or, on the request of the persons interested, it may be submitted to revision. In default of such a request, the effects of the provisional decision taken by the chairman are analogous to those of the judgments, both in regard to revision and appeal. If the claim is made by the person interested, or if the chairman does not take any provisional decision, the Judgment Commission gives sentence on the basis of the oral and public trial. The following cases are exceptions to this rule:

1) The fixing of compensation paid in case of sickness and the settlement as to the period of time during which it is due;

2) The entry of the sick person into hospital and consequently the non-payment of the pension.

3) The stipulation of the compensation due in case of death;

4) Payments below 50 marks.

The chairman alone decides these cases in public sitting.

The judgments of the insurance office are brought in appeal before the judgment chamber of the superior offices. In the four cases above mentioned, the chairman of the chambers may take provisional decisions.

The judgments of the superior office may finally be deferred in the last instance to the Imperial Office or the State Office. The revision can be demanded only in case of the non-application or the false application of the law or for some fault of procedure. It cannot be made if the question is one:

1. of the amount of the compensation granted in the case of sickness or death;

2. of subsidies concerning an insured person who has not been ill more than 8 weeks;

3. of compensation paid to women who are confined;

4. of aid granted to the families of sick persons;

5. of a general compensation;

6. of the costs of trials.

As to the payments of the *co-operative accident insurance societies*, these are fixed on the declaration of the accident. Complaints in regard to the decisions of the insurance office are brought before the superior office and the Imperial Office, or before the State Offices.

The procedure differs according as the question is one of provisional or definite pensions. While the provisional pensions vary according to the condition of the injured person, the rate of the definite pension which is paid from the second year after the date of the accident, cannot be changed except once a twelvemonth.

A circumstantial account of the pension that he is to receive is communicated to the insured person. If he protests against the decision taken in his case concerning the provisional pension, or his first definite pension, the co-operative insurance society or the insurance office asks him to put in an appearance. In the case of the modification of a pension rate the measures taken are the same.

According as the claimant appears or not, the trial is begun or the decision is taken without him. The office may send the demand having reference to the provisional or definite pension to the co-operative society. In regard to the modification to be made in the rate of definite pensions, the office must, with the aid of an employer and an insured person, give an opinion on which the co-operative society pronounces a definite sentence.

Claims against the co-operative society are brought before the superior office, and in the last resort the appeal is made before the Imperial Office, which, however, happens only in a limited number of cases.

In regard to insurance *against invalidity and for the benefit of survivors*, the payments must be the subject of a special demand. The insurance office studies the question and delivers an opinion in accordance with a decision in which ordinarily an employer and an insured person take part. The certificate is sent to the Insurance Office, which decides. Any claim against this decision is deferred to the superior office, and finally recourse may be had, except in certain cases which exclude appeal, to the Imperial Office or the State Office.

Lastly, as concerns *litigation* between the *different institutions, funds and co-operative insurance societies*, or between the latter and the *Communes* or the *Communal Public Aid Societies* the law decided the cases which are to go to the arbitration courts and chambers and those which are within the province of the judgment courts and chambers.

The insurance offices are here in the first instance; the appeal is brought before the superior office and the final appeal before the Imperial or State Office.

All the first instance cases are brought before the office or the district where the insured worker lives; when he lives abroad, in the district that he inhabited before his departure.

II. — BIBLIOGRAPHY.

Publications of Recent Date relating to Agricultural Insurance.

- Dr. FELIX CLAUSS : Das Versicherungsgesetz für Privatangestellte (*Law on the Insurance of Private Employees*). I. II. " Soziale Praxis u. Arch. f. Volkswohlfahrt ", 14th. 21st. December, 1911. No 11 e 12. Berlin.
- Dr. O. MELTZING : Oeffentlich-rechtliche Lebensversicherungsanstalten (*Life Insurance Institutes in Common Law*) " Deutsche landw. Rundschau " 1st. December, 1911. No. 16. Lichterfelde.
- Dr. SCHUMACHER : Die Reichsversicherungsordnung in ihrer Bedeutung für die Landwirtschaft (*Insurance Code and its Importance for Agriculture*). " Deutsche landw. Presse ", 2nd-29th. December, 1911. Nos. 96-102. Berlin.
- HOCH, GUST. : Reichsversicherungsordnung nebst Einführungsgesetz, m. Anmerkgn. u. Sachregister hrsg. (*Annotated Insurance Code*). (XVI, 728 u. 53. S.) Small 8vo Berlin, C. Geibel, 1911. geb. in Leinw. b. 5. (A. 71).
- Kommentar zur Reichsversicherungsordnung (*Commentary on the Imperial Insurance Code*). Hrsg. v. A. Düttmann, F. Appellius, F. Brunn. - 1. Bd. : Einleitung, Einführungsgesetz zur R. V. O. (Reichsversicherungsordnung), Buch 1, 5, 6, Verordnungen über den Geschäftsgang bei den Versicherungsbehörden. (In ca. 8 Lfgn.) 1. Lfg. (S. 1-80). Lex. 8°. Aktienburg, St. Geibel ('11) - II Bd., Buch 2 : Krankenversicherung, erläutert von H. v. Frankenberg. (in ca. 6 Lfg.) 1 Lfg. (S. 1-80). Lex. 8° Ebd. ('11). - IV. Band, Buch 4 : Invaliden- und Hinterbliebenenversicherung, erläutert v. A. Düttmann, H. Seelmann. (In ca. 7 Lfg.). 1. Lfg. (S. 1-80). Lex. 8° Ebd. ('11). (A. 70).
- GROSS, J. C. : Das Wissenswerte aus der Reichsversicherungsordnung üb. die Invaliden- u. Hinterbliebenen-Versicherung. Eine kurze, gemeinverständl. Abhandl. über die reichsgesetzl. Invaliden- und Hinterbliebenen-Versicherung, zum Gebrauch f. jedermann (*What should be known of Insurance in favour of Survivors and Sickness Insurance, as established by the Imperial Code. Short Study for Everybody's Use*). VI, 56 S. 8° Leipzig. J. Wömer, 1911. 0.90 (A. 71).
- CAHN, Dr. ERNST : Das System der Reichsversicherungsordnung. Ein Führer durch das neue Recht (*The Imperial Code System of Insurance. Guide to the New Law*). 134 S., 8°. Gross-Lichterfelde, Verlag der Arbeiter-Versorgung A. Troschel, 1911. (A. 70).

KRULL, F.: Praktischer Ratgeber für die Invaliden- und Hinterbliebenenversicherung (Versicherungspflicht und freiwillige Versicherung) nach der Reichsversicherungsordnung unter Berücksicht. der ergangenen Entscheidungen und sonstigen Vorschriften nebst e. Rententabelle. Gemeinverständliche Darstellg. für Arbeitgeber, Versicherte und Beamte (*Practical Guide to Insurance in favour of Survivors and Sickness Insurance. Compulsory and Voluntary Insurance established by the Imperial Code, in Agreement with Legal Decisions, with a Table for Calculation of Revenue*, 1-10 Taus. 32 S. 80. Kiel, 1911. Leipzig R. Streller (A. 71).

KÖNIGBAUER: Die Reichsversicherungsordnung. Notwendigkeit, Entwicklg. u. jetz. Stand der deutschen Arbeitversichg. (*The Insurance Code. Necessity for its Formation, its Progress and the Present Position of Insurance in Germany*). III. 83 S., 8vo., München. Buchh. des Verbandes süddeutscher kathol. Arbeitervereine. 1911. (A. 70).

Die Privatbeamtenversicherung in der Kommission (*The Bill on Insurance of Private Employees in Commission*). "Zentralblatt der Reichsversicherung", 2nd November, 1911. No. 22. Frankfurt.

GALM, CORBINIAN: Die Invaliden- und Hinterbliebenen-Versicherung unter besonderer Berücksichtigung der Selbstversicherung u. freiwilligen Weiterversicherung auf Grund der am 1. Januar 1912 in Kraft tretenden neuen Bestimmungen der Reichsversicherungsordnung (*Insurance in Favour of Survivors and Sickness Insurance with a special Study on Voluntary Insurance and Voluntary Continuation of Compulsory Insurance, in Accordance with the Prescriptions of the New Insurance Code*). Aschaffenburg, W. Walter, 1911.

KOHLER, RUD.: Die Reichsversicherungsordnung vom 19. Juli 1911 (R. G. Bl. S., 905 ff.) nebst Einführungsgesetz. Handausgabe m. Erläuterungen auf der Grundlage der Gesetzgebungsmaterialien (*Imperial Insurance Code of 19th July, 1911 with the Law for its Introduction. Edition Annotated according to Legislative Subjects*). Unter Mitwirkg. v. Fr. Gresbeck u. A. Reger bearb. 3. Bd. Invaliden- und Hinterbliebenenversicherung (4. Buch), Beziehungen der Versicherungsträger zu einander und zu anderen Verpflichteten (5. Buch), Verfahren (6. Buch) nebst Anhang, enth. Parallelstellenverzeichnis (Verzeichnis der den Paragraphen des Invalidenversicherungsgesetzes entspr. Paragraphen der Reichsversicherungsordnung) u. Alph. Sachregister (VIII-270 S.). 80. Ansbach, C. Brügel & Sohn, 1911.

Dr. MAYER: Die Krankenversicherung der Reichsversicherungsordnung. Erläutert. 1. Buch (*Sickness Insurance in the Imperial Insurance Code, Commentated. 1 Book*) Gemeinsame Vorschriften § 1-33, I. Hf. I. Tl. (S. 1-96). large 8vo. Frankfurt a/M. Dr. K. Schnapper 1911-12. Subskr. Price 2.50.

STRÖHMFELD, GUST.: Kurzer Wegweiser durch die deutsche Reichsversicherungsordnung m. Rentenberechnungstabellen und Beispielen f. Berechnungen (*Guide to the Insurance Code and Tables for the Calculation of Revenue*). 2. verm. Auflage (47 S) large 8vo. Stuttgart, Verlags- u. Handelsdruckerei Stuttgart, Hans Bleher, 1911.

HABERMANN, MAX: Versicherungsgesetz für Angestellte (*Private Employees' Insurance Law*). Leipzig. C. E. Poeschel.

STIER-SOMLO, F.: Versicherungsgesetz für Angestellte nebst Einführungsgesetz. Handausgabe mit Einleitung, kurzgefassten Erläuterungen und Register (*Law on Employees' Insurance with Law for its Introduction. Practical Edition with Introduction, Brief Commentary and Index*). Munich, C. H. Beck.

INSURANCE

ITALY.

I. — RECENT NEWS.

1. Legislation and State Intervention in Regard to Agricultural Insurance.

1. The Reorganisation of the Council of Thrift and Social Insurance. — The Council of Thrift and Social Insurance in Italy is a superior public body of a consulting order in questions of thrift. There was already in existence in 1869, attached to the Ministry of Agriculture, a Consulting Commission for thrift institutions. The composition of this body was later on modified by Royal Decree of July 22nd., 1894, creating the above mentioned Council and the Decrees of January 19th., 1905 and January 20th., 1910, which determined its attributes. The Council was recently subjected to general re-organisation by Royal Decree, October 20th., 1911. In conformity with this Decree, it gives advice in all cases when required by a provision of the law or the regulations.

The Minister of Agriculture has also the right to submit to the examination of the Council all questions relative to thrift and to workmen's insurance on which he wishes to ask its advice.

The Council is composed :

a) of fourteen members nominated by Royal Decree on the proposal of the Minister of Agriculture, Industry and Commerce. ;

b) of a representative of the Superior Council of Labour, designated by the Council from amongst its members ;

c) of a representative of the Superior Council of Public Aid and Beneficence, designated by the Council from amongst its members ;

d) of a representative of the Mutual Aid Societies, designated by the National Federation of Mutual Aid Societies ;

e) of a representative of the ordinary Savings Banks, designated by the said Banks ;

f) of a representative of the National Insurance Societies, designated by the said Societies.

There are other persons who form part of it by right, as : The Director General of Thrift, Credit, Co-operation and Social Insurance, the Director General of Statistics and Labour, and the Director General of the Thrift Institutions of the Treasury.

The Minister of Agriculture may also, whenever he thinks advisable, ask the functionaries and private persons who are competent in the questions inscribed on the order of the day to take part in the meetings with a right of discussion but not of voting.

The Council meets in ordinary session once a year, and in extraordinary session whenever the Ministry thinks advisable.

Every session the Minister designates a president and vice-president, but the presidency is assumed by the Minister himself or by the Under Secretary of State when one or the other takes part in the meetings. The decisions are taken in accordance with the majority of votes. When the voting is equal, the president has the casting vote.

(Summarised from the *Gazzetta Ufficiale del Regno*, Rome, N.º269, November 18th., 1911).

*
* *

2. The first Travelling Lecturerships of Thrift in Italy. — As long ago as June 12th., 1908, the Superior Council of Work and that of Thrift approved a project for the founding of special travelling lecturerships. They were to have been attached to the Ministry of Agriculture and their main object was to make an active propaganda for the encouragement of thrift in all forms. But the proposal has never been realised, for various reasons. This fact, however, did not prevent the National League of Co-operative Societies and the Italian Federation of Mutual Aid Societies, which have been carrying on a vigorous campaign in favour of these lecturerships, from continuing to work for their foundation (1) and insisting on the matter with the Government. The result of these labours has been the inscription on the agricultural budget of a sum of 30,000 francs " for encouraging and subsidising initiative in favour of thrift by means of travelling lecturerships, lectures and other means of propaganda."

This sum, divided by the Government amongst the National League of Co-operative Societies, the Italian Federation of Mutual Aid Societies,

(1) See in the *Bulletin of Social and Economic Intelligence*, July, 1911, p. 62, the order of the day on the travelling thrift lecturerships voted by the General Congress of Italian Co-operative Societies, in July.

the Humanitarian Society of Milan and the National Committee of Agricultural Mutuality, has aided these institutions to found the first travelling thrift lecturerships. Three of them are already in existence in Milan. Their programme is as follows : (1)

a) to make active propaganda for the purpose of spreading the thrift institutions in their various forms (mutuality, co-operation, savings, insurance);

b) to popularise the rules for the constitution and satisfactory working of these institutions;

c) to facilitate the practical installation and organisation of these, at the same time arranging for a suitable control;

d) to draw up in advance the calculation of the social engagements and the relative entries, especially as far as concerns the attribution of the subsidies and allocations;

e) to popularise the hygiene of labour and social legislation in general;

The means indicated for realising this programme are as follows:

a) oral propaganda;

b) publication of propaganda distributed in the manner recognised as most satisfactory;

c) special lessons to persons aspiring to posts as teachers and as secretaries to the mayors;

d) competitions, and other forms of encouragement, for the best of these institutions.

These lecturerships will be under the supervision of a committee consisting of two delegates for each of the foundation institutions, which, as we have already said, are : the National League of Co-operative Societies, The Italian Federation of Mutual Aid Societies, and the Humanitarian Society. The Committee will examine the action of the various lecturerships and present proposals to the Ministry for rendering them more and more efficacious.

While the lecturerships for thrift in general were created at Milan, a lecturership was established at Rome for the propaganda of mutuality essentially in favour of the small proprietor, farmer and peasant. This special lecturership, which bears the name of the "National Committee of Agricultural Mutuality" was formed with the express intention of working for the following ends :

a) to make active propaganda for the diffusion of mutual and thrift institutions in their various forms, and to encourage small proprietors and farmers, especially settlers and agriculturists, to belong to them;

(1) The programme of the travelling thrift lecturerships, and the method of their execution, is that already approved in 1908 by the Superior Councils of Labour and Thrift.

b) to popularise the rules required for the constitution and satisfactory working of these institutions, mutual cattle insurance societies, mutual scholastic societies, etc., and to facilitate their installation and organisation, at the same time providing for the necessary control; to encourage their technical and economic improvement by creating Federal bodies for the express purpose of carrying on reinsurance;

c) to spread the knowledge of hygiene in cattle raising amongst small farmers and proprietors everywhere, as well as the knowledge of the legislation made for the purpose of developing mutuality and thrift.

It was proposed that there should be a directing commission in the working of the lecturership in question, composed of a representative of the Society of Italian Farmers, the Federation of Mutual Aid Societies, the Federation of Agricultural Consortiums, the Federation of Mutual Scholastic Societies, etc. A representative of the Ministry of Agriculture, the General Direction of the Board of Health and the National Thrift Fund will also be attached to the lecturership.

(Summarised from *Cooperazione Italiana*, the organ of the *Lega Nazionale delle Cooperative* and the *Federazione italiana delle Società di mutuo soccorso*, Milan, N. 955, Nov. 4th., 1911; and from *Mutualità agraria*, organ of the *Comitato nazionale per la mutualità agraria*, Rome, N. 16, Nov. 15th., 1911).

* * *

3. A circular of the Minister of Agriculture in favour of the National Committee of Agricultural Mutuality. — The Minister of Agriculture recently addressed a circular to the Travelling Lecturers of Agriculture and to the Agricultural Associations in favour of mutuality. "The National Committee of Agricultural Mutuality" wrote the Minister "which was constituted in consequence of the efforts of men who have done a great deal for agriculture, proposes to carry out, throughout the whole of Italy, an active programme and propaganda in the field of mutuality, with the object of arousing amongst the Italian farmers that spirit of solidarity and thrift which is the instigator of institutions that, whilst diminishing the risks attached to agriculture, at the same time consolidate its wealth and prepare a better future for it."

After dwelling on the results obtained in other nations by agricultural mutuality, the Minister concludes as follows: "I am sure that all the agricultural institutions to which the Committee addresses itself will agree to lend their valuable assistance for the accomplishment of a work of public interest."

(Ministry of Agriculture, Industry and Commerce. - General Direction of Credit, Thrift, Co-operation, and Social Insurance. - Circular N.º 5, Sept. 16th., 1911).

2. Work of the Agricultural Insurance Institutions and Miscellaneous Information.

1. The Italian Hail and Fire Insurance Societies in 1910. — 1. *Hail insurance*. — The business done in 1910 in insurance against the damage done by hail was much more intense than in previous years, but the industrial results were not satisfactory. We have brought together, in the following table, the principal data for each society relative to the working year 1910, which data have been taken from the balance sheets of the societies published in the *Bollettino Ufficiale*.

The Italian Hail Insurance Societies in 1910.

| NAME OF THE SOCIETY | Head- quarters | Year of found- ation | Premiums gross figures — France | Reinsur- ance premiums — France | Com- pensation paid | Losses reinsured | + Profits — Losses | Share or guarantee capital | Assured capital |
|---|-------------------|-------------------------------|---|---|---------------------------|---------------------|-----------------------|-------------------------------------|--------------------|
| La Reale | Bologna | 1891 | 1,801,886 | 342,545 | 1,635,261 | 428,688 | — | 2,250,000 | 42,794,841 |
| Società Italiana di Mutuo Soc- corso | Milan | 1857 | 3,498,657 | — | 3,975,059 | — | — | — | 79,239,627 |
| La Prudenza | " | 1887 | 447,644 | 32,138 | 430,384 | 24,323 | — | — | 9,485,484 |
| Società anonima | " | 1890 | 5,149,997 | 2,156,104 | 4,850,350 | 2,178,526 | — | 4,000,000 | 110,994,810 |
| L' Italica | " | 1904 | 1,103,391 | 128,265 | 919,694 | 156,213 | — | 2,000,000 | 24,412,391 |
| Associazione agraria delle pro- vincie | Rome | 1905 | 300,611 | 60,238 | 321,627 | 149,355 | — | 57,000 | 7,504,393 |
| La Vercellese | Vercelli | 1891 | 556,743 | — | 477,357 | — | — | 329,031 | 8,199,700 |
| L' Emiliana | Bologna | 1910 | 4,109 | — | 3,856 | 2,041 | — | 31,800 | 54,405 |
| Unione interprovinciale | Cremona | 1893 | 235,955 | — | 372,558 | — | — | 313,000 | 5,688,067 |
| Eguaglianza | Milan | 1875 | 2,886,816 | — | 2,974,791 | — | — | — | 68,380,254 |
| Anonima Generale | " | 1907 | 493,550 | 87,842 | 418,445 | 121,039 | + | 1,300,000 | 9,056,113 |
| Aurora | Ferrara | 1906 | 166,745 | 64,308 | 196,342 | 97,536 | — | 150,000 | 4,013,845 |
| Società mutua di assicurazioni | Milan | 1904 | 445,025 | 71,067 | 477,516 | 211,869 | — | 249,100 | 10,659,467 |
| Società anonima cooperativa | Vercelli | 1897 | 163,089 | — | 151,610 | — | — | 150,000 | 2,322,379 |
| Società cattolica | Verona | 1896 | 1,700,044 | 443,703 | 1,630,394 | 619,936 | + | 2,143 | 39,328,307 |
| Assicuratrice Lombarda | Milan | 1906 | 6,303 | — | 12,580 | — | — | 93,500 | 173,561 |
| La Forza | Turin | 1905 | 25,304 | — | 13,848 | — | — | 57,100 | 582,492 |
| La Lomellina | Milan | 1906 | 322,418 | 87,651 | 303,807 | 103,872 | — | 1,000,000 | 6,800,000 |
| Provvidenza | " | 1901 | 314,388 | 84,660 | 344,486 | 140,939 | — | 3,000,000 | 7,645,152 |

¹ This deals also in insurance against fire.² Including fire and life insurance.

In 1910 the average rate of the premiums was 4.5 %, but it varied from society to society according to the nature of the risk assumed. Thus, the Vercelli Co-operative Society, whose staple business is the insurance of rice, a delicate plant, which is greatly exposed to damage by hail levies an average rate of 7 %, and for this reason the average premium rate for all the Verceil district is 6.8 %. The societies which mainly insure cereals have a much lower rate, about 4 %.

The average compensation paid in 1910 was 99.5 % of the premiums. It varied according to the society and the ability with which it was able to select the risks and distribute them over extended zones.

The reinsurance business offers very special interest, because it is slowly beginning to develop. About a fifth of the sum assured and the premiums subscribed have been reinsured.

The taxes received by the Treasury in 1910 for the entrance fees in hail insurance amounted to more than 600,000 francs.

The following table has been taken from the technical review, *L'Assicurazione*: in it the general results of the working years comprised in the period 1896-1910 have been compared:

| Year | Sum assured | Premiums paid | % | Disasters | % | Expenses and Commissions | % |
|------|----------------|------------------|-----|------------|-------|--------------------------------|----|
| 1896 | 176,268,302 | 9,173,802 | 5.2 | 6,499,436 | 70.0 | 1,639,544 | 17 |
| 1897 | 173,654,327 | 8,830,196 | 5.1 | 6,549,180 | 74.0 | 1,623,760 | 18 |
| 1898 | 224,433,545 | 11,183,399 | 4.8 | 6,790,157 | 61.1 | 1,961,184 | 18 |
| 1899 | 235,140,486 | 10,485,977 | 4.6 | 7,109,417 | 66.0 | 1,891,264 | 17 |
| 1900 | 238,801,938 | 11,019,583 | 4.6 | 5,981,805 | 54.0 | 2,119,474 | 20 |
| 1901 | 252,213,932 | 11,520,824 | 4.6 | 9,873,590 | 85.9 | 1,971,851 | 18 |
| 1902 | 262,096,856 | 11,648,137 | 4.5 | 10,260,357 | 88.4 | 2,084,673 | 18 |
| 1903 | 308,628,002 | 12,607,400 | 4.0 | 7,524,525 | 58.8 | 2,529,210 | 20 |
| 1904 | 327,827,685 | 14,116,303 | 4.4 | 14,117,342 | 100.0 | 2,530,123 | 18 |
| 1905 | 343,832,483 | 15,675,638 | 4.6 | 22,473,821 | 144.1 | 2,550,528 | 15 |
| 1906 | 367,601,247 | 18,180,866 | 5.0 | 11,896,201 | 65.0 | 2,917,122 | 16 |
| 1907 | 371,025,462 | 18,776,863 | 5.0 | 10,323,589 | 54.0 | 3,120,734 | 16 |
| 1908 | 302,814,125 | 18,809,620 | 4.7 | 11,239,713 | 59.0 | 3,089,628 | 16 |
| 1909 | 428,048,409 | 20,262,724 | 4.7 | 13,564,525 | 67.8 | 4,495,543 | 17 |
| 1910 | 496,909,911 | 22,649,524 | 4.5 | 22,493,356 | 99.5 | 3,966,394 | 18 |

As will be seen by the above figures, the development of hail insurance from 1896 to 1910 has been very great, the value of the agricultural produce insured having been nearly trebled. During this period, the premiums paid increased by more than 13 million francs, the compensation paid for disasters having increased in the same proportion.

If account be taken also of other elements which have not been considered in this table, we find that in Italy in the space of fifteen years about 220 millions have been paid in compensation. For four years the average of the disasters was less than 60 % of the premiums ; during five other years it varied from 60 % to 70 %, in four other years from 70 % to 99 %, while during two years it was more than 100 %.

* 2. *Fire insurance.* — For the data concerning this group of societies we have also made use of the balance sheets published in conformity with the law, in the *Bollettino Ufficiale*, in the numbers appearing from January 1st., to September 9th., 1911. By making use of these sheets we have been able to draw up the following table :

The Italian Fire Insurance Societies in 1910.

| NAME OF THE SOCIETY | Head-quarters | Year of foundation | Premiums gross figures | Reinsurance premiums | Compensation paid | Losses reinsured | + Profits — Losses | Share or guarantee capital | Assured capital at the end of 1910 |
|--|---------------|--------------------|------------------------|----------------------|------------------------|------------------|--------------------|----------------------------|------------------------------------|
| Società Parmense . . | Parma | 1862 | 208,944 | — | 214,221 | — | — | ¹ 32,459 | 21,014,225 |
| L'Emiliana ² | Bologna | 1910 | 147,856 | — | 944 | — | + | 31,800 | 8,302,934 |
| Società anonima cooperativa italiana . . | Milan | 1889 | 1,896,337 | 1,214,269 | 401,924 | 184,212 | + | 5,992,700 | 1,484,863,616 |
| Anonima Generale . . | " | 1907 | 507,541 | 38,910 | 148,920 | 16,175 | + | 1,300,000 | 237,992,641 |
| La Fondiaria | Florence | 1879 | 5,942,213 | 1,977,021 | 3,187,567 | 1,448,466 | + | 8,000,000 | 4,493,662,200 |
| Compagnia di Assicurazione di Milano . . | Milan | 1826 | 3,240,862 | 1,404,296 | 1,619,225 | 718,048 | + | 2,080,000 | 2,621,185,634 |
| L'Italiana | Genoa | 1906 | 2,582,591 | 1,083,430 | 1,375,063 | 577,635 | + | 4,500,000 | — |
| Compagnia anonima . . | Turin | 1833 | 2,304,037 | 769,207 | 1,026,807 | 388,331 | + | 1,500,000 | 1,898,428,733 |
| Società cattolica . . | Verona | 1895 | 1,341,866 | 223,760 | 798,965 | 157,630 | + | ³ 1,759,940 | 788,347,877 |
| Società Reale | Turin | 1829 | 8,008,144 | — | 3,773,433 | — | + | ⁴ 10,316,257 | 6,278,619,317 |
| Assicuratrice Lombarda | Milan | 1906 | 82,616 | — | 35,413 | — | — | 93,500 | 25,788,703 |
| Savonia | Turin | 1896 | 1,344,091 | 323,102 | ⁵ 687,939 | — | ⁵ + | 3,000,000 | 24,101,567 |
| Unione Continentale . | " | 1899 | 6,742,982 | 4,190,510 | ⁶ 1,719,847 | — | ⁶ + | 3,000,000 | 22,943,965 |
| Concordia | Milan | 1905 | 151,714 | 140,624 | 1,085 | 14,302 | — | 250,000 | 47,890,368 |
| L'a Forza | Turin | 1905 | 9,062 | — | 437 | — | — | 57,100 | 4,882,000 |

¹ Reserve fund. — ² Deals also in hail insurance. Balance sheet from July 1st. to Dec. 31st., 1910. — ³ Including hail and life insurance. — ⁴ Compulsory reserve. — ⁵ Including the profits from fire insurance and the insurance of transports. — ⁶ Compensation, net figures.

(Summarised from the *Bollettino Ufficiale delle Società per azioni* published by the Ministry of Agriculture, Industry and Commerce, Rome, January to September, 1911; *L'Assicurazione*, Rome, N.º 656, October 16-31, 1911).

2. How Mutual Cattle Insurance is at Present Organised in Italy.

Sources :

Statuti della Federazione nazionale e delle Federazioni regionali delle mutue-bestie (Rules of the National Federation and the Regional Federations of mutual cattle societies). Piacenza, A. Del Maino, 1911.

Dr. MARIO CASALINI: Come costituire e amministrare una Società mutua d'assicurazione contro la mortalità del bestiame. (*How to found and administer a mutual insurance society against mortality amongst cattle*) Piacenza, A. Del Maino, 1911.

Prof. GAETANO ANGELICI: L'importanza delle mutue-bestie (*The importance of mutual cattle societies*) *La Mutualità agraria*, Rome, N° 15 October 31st. 1911.

La Mutualità agraria, organ of the Comitato nazionale della mutualità agraria Rome. Nos. and 10, July 31 st., and August 5th., 1911.

For some past there has been a remarkable organisation movement in agricultural mutuality, especially amongst mutual cattle societies which are the most numerous in Italy.(1) The *Comitato nazionale della mutualità agraria* is the body which does most to encourage and direct this movement. It started its propaganda by diffusing the rule to be followed for the better organisation of the societies. As far as the mutual cattle societies are concerned, these may be summarised as follows :

a) Area of operations limited to a Commune or to several neighbouring Communes which renders easy the supervision of the members by one another ;

b) fixed premium with (in exceptional cases) a levy, which must never exceed the premium itself ;

c) premium and levy proportionate to the value and not to the number of animals insured ;

d) compensation limited to 75 or 80 % of the damage suffered in the case of the death of cattle ;

e) exclusion from insurance of too young or too old animals, and exclusion also of the risks due to *force majeure* or to epidemic diseases. In order that the small local mutual societies, may be better able to guarantee the engagements they have taken, and in order that they may enjoy the advantages offered by *revision* and *reinsurance* they must be joined in Federations, which carry out these services. In fact, on July 1st., 1911, the *Federazione nazionale delle mutue bestiame* was constituted at Rome, and regional and provincial federations are also on the way to being founded. Those of Milan, Aquila, Lucca, Novara, Pinerolo and Udine have already.

(1) From data collected by the Comitato Nazionale della Mutualità agraria it appears that the mutual cattle insurance societies have almost reached the number of 1,000. They are specially widespread in Lombardy, where there exist about 400 of them.

been constituted, while those of Vicenza, Brescia, Campobasso, Varese, Lecco, Como and Aosta are being formed.

The functions of the local federations are the administrative and book-keeping revision of the societies and the reinsurance of the ordinary risks. They also concern themselves with propaganda for the application of preventive measures against sickness amongst cattle, as a response to a circular recently sent out by the Government, of which we spoke in the July number of the *Bulletin of Social and Economic Intelligence*, p. 166. The institutions are asked to co-operate in the formation of a "hygienic conscience," which is indispensable in the country in order that prophylactic measures against epidemic diseases may be strictly observed.

Among the other objects of the National Federation are :

a) to encourage, in accord with the *Comitato nazionale della mutualità agraria*, the constitution of small local mutual societies, and to encourage those already existing to join together in federations ;

b) to organise, either directly or indirectly, the assistance and inspection of the administration and book-keeping of the affiliated societies;

c) to organise, in accord with the *Direzione generale della pubblica sanità* (General Direction of Public Health) which is attached to the Ministry of the Interior, the above mentioned propaganda for the prevention of infectious disease among cattle and to facilitate the organisation of a collective veterinary service and one for the purchase of medicines ;

d) to prepare reports of statistics, rules, regulations and book-keeping, and anything else that may serve for the direction and protection of the mutualist movement.

But the chief and most practical object is undoubtedly that of partly compensating the federated societies for the losses caused to them by the death, either accidental or natural, of cattle. And, first of all, it must be pointed out here that in joining into federations the mutual societies are free to accept or to refuse reinsurance. Their engagements with the Federation naturally vary from case to case. If they do not accept reinsurance and limit themselves to benefiting by the other services rendered by the Federation, they need only pay the latter a yearly contribution of 2.40 francs when they have less than a hundred members, 4.80 when they have less than 500 and 10 francs when they have more than 500 (1).

If, on the other hand, they wish to benefit by the reinsurance, they must first declare this fact in their demand for inscription, and must add to it a statement of their rules, the list of their administrators the number and value of the animals insured, and if possible, the cattle mortality

(1) Each society is represented at the Assembly of the Federation by one delegate per 100 members or fraction of 100. The Assembly of delegates meets after the first quarter of each year.

statistics for the past three years. They must also conform to the following principles :

- a) limited sphere of action ;
- b) signs for the recognition of insured animals ;
- c) minimum contribution of the person insured to the insurance at the rate of 15 %.

The Federation pays a share of the compensation for disasters affecting the federated societies in the proportion of 25 or 50 %, according as the societies have paid to the Federation 25 or 45 % of the premiums paid by their members (1).

If the societies do not adopt the system of the fixed premium, the annual insurance share is fixed by agreement each time.

The reinsurance, however, is only intended for horned cattle (2), and cannot be made for less than two years (3). In order that they may be granted reinsurance, the mutual societies must adopt a premium of not less than 1.25 %.

The risks guaranteed are the risks of death from disease or accident, or by slaughter when ordered by the local mutual society or the veterinary office. Losses due to war, fire, lightning, floods, railway transport or the collapse of a shelter are excluded. But in the case of an extraordinary mortality or of an epidemic, the contribution of the federation may be temporarily reduced or stopped. In addition, at the end of every quarter, the federated societies must communicate the changes in the number and value of the cattle insured, and at the end of each year they must present a report on their condition and a copy of their balance sheet. In any case, before the reinsurance expires, the premiums of the mutual societies are revised. The societies which have received from their members more than they have paid themselves will be asked to increase their premiums for a period of two years, the rate of mortality during the said period being taken as the basis.

If the ordinary receipts, together with 50 % of the funds of the society, are not sufficient to pay the compensation, the federation may exact some

(1) The financial year begins on January 1st. of each year. The shares of the societies must be paid on the first month of each quarter or half year, according to the date when the members pay. The Federation pays its contribution in the fifteen days following the receipt of the report of the society which has suffered a disaster. The Federation has the right of controlling the books of the federated societies and of making inquiries on the spot when the cattle is being estimated, in cases of sickness or death.

(2) The Federation may also deal in the reinsurance of sheep, horses, etc., but in this case the Assembly of delegates of the affiliated societies has to take a special decision beforehand.

(3) If notice has not been given three months in advance, the reinsurance is considered as renewed for another two years.

supplementary contributions, to be levied in proportion to the premiums paid by each of them (1).

These are the fundamental principles regulating the reinsurance institution of the National Federation with which we are dealing. In the rules of this Federation, there is naturally one also for the formation of a reserve fund, which will be drawn upon in years of exceptional mortality, in the case of an epidemic and for other purposes of secondary importance. In addition to a surplus of receipts over expenses at the end of the working year, subsidies will be granted by the State and other institutions to be contributed to this fund, as well as special subsidies intended to diminish the damage caused by epidemic diseases.

In no case can more than 50 % of its sum total be taken from this reserve in any one year.

What we have set forth here gives some idea of the plan of organisation of agricultural mutuality in Italy, both for mutual cattle insurance societies and for mutual fire insurance societies. It may be summed up as follows : at the basis, in rural centres, small societies which bring the closest spirit of solidarity and mutual aid as their contribution to insurance, as well as reciprocal supervision amongst the persons interested. Above these come their provincial and regional federations, whose part it is to insure the greatest security and order to the local organisations. And, at the head of all, there is the National Federation which leads and encourages the small mutual societies and their federations in their struggle with the more serious disasters that are liable to affect the cattle breeder.

*
* *

3. The Constitution of National Federations of Mutual Insurance Societies against Fire and Accidents during work. — On the initiative of the *Comitato nazionale della mutabilità agraria*, the *Federazione nazionale delle mutue incendi* was constituted at Rome. These mutual fire insurance societies are most numerous in Piedmont and are now being formed in all parts of Italy. This Federation, taking as its basis the rules approved by the Assembly on July 2nd., 1911, has the following aims :

a) to promote small mutual societies, assisting their technical and administrative improvement either by creating for their benefit a service of *inspection* or by stimulating them to join together in provincial and regional federations ;

(1) The local federations may also reinsure themselves provided that they are constituted in accordance with the criteria fixed in the rules of the National Federation.

b) to defend them against excessive fiscal claims and aid them to obtain advantages from the law ;

c) to carry on a reinsurance service for the benefit of the societies and their federated institutions.

This is done, without exception, on the excess risks which the local mutual societies cannot keep to their charge, in accordance with the tariffs established by agreement each time, account being taken of the premiums charged in the district by the insurance companies. The mutual societies which desire to reinsure must engage to accept the rules which the Council of the Federation will each time indicate to them as the rules to be followed as to the maximum risk that they must keep to their charge. They must also accept inspection by the Federation.

The Federation, in its turn, undertakes to cede to the large insurance companies that part of the risk which they do not think prudent to keep to their own charge.

In addition to the mutual societies within a strictly limited district, administered gratuitously by the members and with no speculative aims, their federations may also form part (1).

The Federation of the mutual insurance societies against accidents during work was constituted before this Federation. There are five of these societies in Italy.

(Summarised from the *Statuto della Federazione nazionale delle mutue-incendi*, Piacenza, A. Del Maino, 1911; *Mutualità agraria*, Rome, No. 9 and 12, July 31st., and September 15th., 1911).

*
* *

4. **Insurance against the Damage caused by Hail.** — The *Comitato nazionale della mutualità agraria* has for a long time been studying the problem of insurance against damage caused by hail, with the object of arriving at a solution that would be beneficial for agriculturists who are not sufficiently protected by the insurance companies. The result of this study has been an important draft set of rules for the foundation of a national federation of mutual hail insurance societies and for the constitution of such mutual hail insurance societies themselves, which project we are pleased to announce. Thinking that this form of insurance could only be obtained by creating an institution with a very large area of

(1) When there are fewer than 25 federated mutual societies in a region, the National Federation may group them together in regional federations governed by rules which it has prepared itself and which are in conformity with its own. There are already some mutual fire insurance federations at Asti, Turin, Alexandria and Casalmongera, and others are being formed at Cuneo and Ivrea.

operations and numerous members, and that on the other hand the mutual societies with a small district are extremely useful for the economy of insurance and for safeguarding the interests of the insured, the Committee came to the conclusion that the creation of a national federation and a certain, number of mutual societies must be brought about at the same time.

According to the project in question, when a disaster has not destroyed more than a tenth of the crops concerned, the compensation should be paid by the local mutual society. When, on the contrary, more than a tenth of the crops have been destroyed, the payment will be made in the following proportion: 9/10ths by the Federation and 1/10th by the society. In this case the latter will naturally have to pay over to the former 9/10ths of the premiums paid by the members. The Federation, in order to guarantee itself and the affiliated societies, will in its turn reinsure a part of the risks that it has taken over with one or more insurance companies. The Federation reserves to itself the right to check the bookkeeping of the federated societies and to send its experts to assist in the liquidation of the claims.

Of the annual profits, 80 % will be paid over to the reserve fund and 20 % to the society-members. The sphere of action of the societies is limited to their Commune or to several neighbouring Communes.

The project arranges that the local societies insure the following four classes of crops, representing risks of different kinds. The first class includes wheat, rye, lucerne and similar crops; the second, barley, oats, buckwheat, maize, beans, horse beans and vetch; the third, green peas, haricot beans, flax, hemp and all other plants cultivated for their seed; and the fourth includes vines, fruit and tobacco. Losses caused by wind, rain or floods without hail will naturally not be made good. The declarations of crops to be insured must be made from April 1st. to 30th. of every year, and the insurance starts from May 1st. at midday.

By this system, the greater part of the risk of the small mutual society being passed over to the National Federation, the burden is borne by a very large number of farmers, so that it is very little felt, and the *Comitato nazionale della mutualità agraria* is of the opinion that the difficult problem may be solved in this way. (1)

(Summarised from *Mutualità agraria*, the organ of the *Comitato nazionale della mutualità agraria*, Rome, N.º 9, 1911).

(1) For other projects for the solution of the problem, see the *Bulletin of Social and Economic Intelligence*, February, 1911, No. 2, p. 175; May, 1911, No. 5, p. 57; and July, 1911, No. 7, p.

* *

5. The *Federazione nazionale dei consorzi agrari*, in favour of Agricultural Mutuality. — The *Federazione nazionale dei consorzi agrari* (Italian Federation of Agricultural Consortiums), the headquarters of which are at Piacenza, has addressed a circular to the federated agricultural purchase societies asking them to take measures for the extension of agricultural mutuality (1).

The moral obligation, says the circular, is obvious. The formation of mutual insurance societies (against the loss caused by the death of cattle, by fires, accidents during work, hail, etc.) must be encouraged. The character of these societies is such that they are specially adapted to small rural centres.

The Federation proposes that special sections for agricultural mutuality be created in the agricultural consortiums. Having an autonomous administration, they assume the task of making propaganda, in accord with the National Committee of Agricultural Mutuality, of inspecting and administering the mutual societies and leading them to constitute federations dealing in reinsurance.

(Summarised from *Mutualità agraria*, Rome, 1911; N.º 15, Oct. 31st.).

* *

6. A National Congress for Agricultural Mutuality. — The *Comitato nazionale della Mutualità agraria* recently initiated the holding of a national Congress, bringing together all those who devote their activities to agricultural mutuality and to the important and difficult problems connected with it. The Congress meets at Milan on January 14th. and 15th., 1912. The Minister of Agriculture, Industry and Commerce and the Under Secretary of State to the Ministry of the Interior will be present. The inaugural address will be made by Luigi Luzzatti. We shall return to this question later on for the purpose of giving our readers information as to the resolutions passed by the Congress. For the present we will merely give the list of the subjects proposed, together with the names of the writers of the Reports.

1) The National Federation of mutual cattle societies and the strug-

(1) The sending of this circular is the result of the vote of the National Congress of Co-operative Agricultural Consortiums, which was held recently. In it the consortiums are asked to encourage the development of the various forms of mutuality in the country. In connection with this, see the *Bulletin of Social and Economic Intelligence*, No. 11, November-December, 1911, p. 92 which contains the report of this vote.

gle against infectious diseases. Writers of the Report : Dr. Mario Casalini and Dr. Fermo Fracassi.

2) The financial organisation of the mutual cattle insurance societies and their general federations. Writer : Dr. Cesare Vassallo.

3) The mutual insurance of butchers' beasts. Writer : Prof. Dr. Pirocchi.

4) The small mutual fire insurance societies and the work of their National Federation. Writer : Guido Mikelli, C. I.

5) Mutual insurance for accidents during agricultural labour. Writers : Prof. Ulisse Gobbi and Steno Sioli Legnani, C. I.

6) The action of agricultural mutuality with regard to registration on the National Thrift Fund for workers on the land. Writer : Comm. Orazio Paretti.

(Communicated by the Executive Committee of the Congress - Circular dated Nov. 30th., 1911).

*
* *

7. 150,000 francs in favour of the Registration of Peasants with the National Thrift Fund. — The Savings Bank of Milan, with the intention of encouraging the registration of peasants in the Lombard provinces with the National Thrift Fund, has voted a sum of 150,000 francs on its budget, which sum is to be used only for the benefit of peasants belonging by birth or residence to these provinces ; the age of the peasant must not be more than 35 years, and the sum allowed by the Savings Bank of Milan enables them to be insured with the National Thrift Fund by a payment of only 6 francs a year.

(Summarised from the *Bollettino dell'Agricoltura*, Milano, 1911, N.º 30).

II. BIBLIOGRAPHY.

Publications of Recent Date Relating to Agricultural Insurance.

(a) Official Publications :

Atti del Consiglio della Previdenza e delle Assicurazioni Sociali : 1^a sessione del 1911 (*Acts of the Council of Thrift and Social Insurance : 1st Session. 1911*). Ministerial Department of Agriculture, Industry and Commerce : General Management of Credit, Thrift, Co-operation and Social Insurance. Rome G. Bertero, 1911.

Cenni e notizie sulla Cassa Nazionale di Previdenza per la invalidità e la vecchiaia degli operai - Contributo della Sede Centrale della Cassa all'Esposizione internazionale di Torino 1911 (*Notes on the National Bank of Thrift for Workmen's Sickness and Old Age - Contribution of the Head Bank to the International Exhibition at Turin, 1911*). Rome, "Casa Editrice Italiana", 1911.

(b) Other Publications :

BAGNI, TULLIO : La mutualità scolastica italiana e il suo ordinamento finanziario (*Italian School Mutuality and its Financial Organization*). Rome, G. Bertero, 1911.

CASALINI, Dr. MARIO : Le "Casse Mutue Incendi" e la loro organizzazione. Statuto della Federazione nazionale delle Mutue-Incendi approvato dall'Assemblea del 2 luglio 1911, in Roma (*Mutual Fire Insurance Societies and their Organization. Rules of the National Federation of the Mutual Fire Insurance Societies approved by the Meeting of 2nd July, 1911, Rome*). Piacenza. A. del Maino. 1911.

— Come costruire e amministrare una Società mutua di assicurazione contro la mortalità di bestiame. Federazione nazionale delle Mutue-Bestiami (*How to Institute and Manage a Mutual Cattle Insurance Society. National Federation of Mutual Cattle Insurance Societies*). Piacenza, A. del Maino. 1911.

— Statuti della Federazione nazionale e delle Federazioni regionali delle Mutue-Bestiami (*Rules of the National and of the Regional Federations of Mutual Cattle Insurance Societies*) Piacenza, A. del Maino, 1911.

— Le associazioni per le iscrizioni e i versamenti alla Cassa Nazionale di Previdenza - Istruzioni generali sul loro funzionamento e Comitato Nazionale della Mutualità Agraria (*Associations for Registration in and Contribution to the National Bank of Thrift. General Instructions as to their Mode of Working. National Committee of Agricultural Mutuality*). Piacenza, A. del Maino, 1911.

- GENCARELLI, FRANCESCO : Le proposte di legge sugli infortuni del lavoro agricolo e la Calabria (*Proposed Laws on Accidents in Agricultural Labour and on Calabria*). Rossana, Tip. Nuova, 1911.
- IUZZATTI, LUIGI : Principi tecnici e assicurativi negli infortuni sul lavoro. Discorso pronunciato il 29 agosto 1911 alla inaugurazione della sezione autonoma per prevenire gl'infortuni sul lavoro, presso il politecnico di Torino (*Principles of Technique and Guarantee on Accidents in Labour. Speech delivered on the 29th August, 1911, at the Inauguration of the Independent Department for Protection against Accidents during Employment, at the Turin Polytechnic Institute*). Published in the Review, "Credito e Co-operazione", Rome, No. 18. 15th. September, 1911.
- MAGALDI, V. : L'assicurazione mutua del bestiame in Italia (*Mutual Cattle Insurance in Italy*). Published in the "Bollettino Quindicinale della Società degli Agricoltori italiani", Rome, No. 15, 13th August, 1911.
- MAZZINI, C. M. : L'assicurazione degli infortuni sul lavoro nell'agricoltura (Seguito) Memoria letta alla R. Accademia dei Georgofili il 3 luglio 1910 (*Insurance against Accidents in Agricultural Labour (Continued). - Report Read at the Royal Georgophile Academy on the 3rd July, 1910*). Published in the "Bollettino delle Assicurazioni". Turin, No. 17. 1st-15th. September, 1911.
- ROSSI, L. E. : Cenni storici e amministrativi sulla Cassa Nazionale d'assicurazione per gli infortuni degli operai sul lavoro (*Notes on the History and Management of the National Insurance Society against Accidents during Employment*). Milan, 1911.
- SERRAGLI, P. F. : L'Assicurazione contro gl'infortuni sul lavoro (*Insurance against Accidents during Employment, Published in "L'Agricoltura Toscana"*), Florence, No. 15 - 15th August, 1911.

PART III.

CREDIT.

CREDIT

GREAT BRITAIN AND IRELAND.

COMMUNICATIONS FROM THE GOVERNMENT

Some Forms of Rural Credit in Ireland.

The following notes on certain forms of rural credit in Ireland have been supplied to us by Mr. T. P. Gill, Secretary of the Department of Agriculture and Technical Instruction for Ireland, under whose directions they were prepared.

1. Loans for Land Improvement made by the Board of Works.

The Office of Public Works in Ireland makes loans under various Statutes for the improvement of land in Ireland. The Statutes may be briefly described as — Acts to facilitate the Improvement of Landed Property in Ireland 10 Vic. (1847) Cap. 32, etc. — in all there are 15 of these Acts, the latest being 7 Edw. VII. (1907) Cap. 36 — and the Land Law (Ireland) Act 44 and 45 Vic. (1881) Cap. 49.

The purposes for which these loans may be made are :

- Thorough drainage,
- Sub-soiling and trenching,
- Irrigation or warping,
- Embanking from river or tidal waters,
- Formation or improvement of fences, drains, streams, or water-courses,
- Making farm roads,
- Clearing land of rocks and stones,
- Reclamation from waste,

Planting trees for shelter,

The erection or improvement of farm offices,

The erection or improvement of farm dwelling houses in connection with farm offices and buildings erected for providing water for the same.

N. B. Loans could be made and have been made for the erection of dwellings for agricultural labourers and for the improvement by means of structural alterations and additions to existing labourers' cottages, but this branch of agricultural improvement is dealt with in a subsequent note dealing with the Labourers Acts.

Under the Land Improvement Acts no loan can be made for any of the several purposes under the Acts for a less sum than £100, except in the case of farm buildings, when £50 may be granted. Under the Land Law (Ireland) Act 1881 no loan would be granted for a less sum than £35.

Under the Land Improvement Acts the gross amount of loan may not exceed seven years of the annual value of the property. Under the Land Law (Ireland) Act in general loans are not granted for a greater sum than three times the annual value of the holding and in no case are loans given for a greater amount than £1,000. The period for repayment of loan is 22 years, the annual instalment in payment of principal and interest being at the rate of £6 10s. per cent. In some exceptional cases, however, the term may be extended to 35 years, the annual instalment in payment of principal and interest being in such cases at the rate of 5 %. The Commissioners of Public Works take as security for the loan a deed from the tenant charging his tenancy with the amount.

The total amount advanced for land improvement under these Statutes up to 31st. March, 1910, has been £7,053,933.

2. *The Labourers (Ireland) Acts.*

The Labourers (Ireland) Acts consist of the following Statutes :

Labourers (Ireland) Act, 1883, 46 and 47 Vic. Cap. 60 ;

 " " " 1885, 48 and 49 Vic. Cap. 77 ;

 " " " 1886, 49 and 50 Vic. Cap. 59 ;

 " " " 1891, 54 and 55 Vic. Cap. 71 ;

 " " " 1892, 55 Vic. Cap. 7 ;

 " " " 1896, 59 and 60 Vic. Cap. 53 ;

Irish Land Act, 1903, 3 Edw. VII. Cap. 37 ; (1)

Labourers (Ireland) Act 1906, 3 Edw. VII. Cap. 37 ;

Irish Land Act, 1909, 9 Edw. VII. Cap. 42. (Section 11 only).

(1) This is Part IV. of the Irish Land Act, 1903.

Section 33 of the Labourers (Ireland) Act, 1906, provides that the several Acts shall continue in force for at least 10 years from the passing of that Act.

Application of Acts.—The Acts apply to rural districts only and are now all operated by the Rural District Councils established by the Local Government (Ireland) Act, 1898.

Object of Acts.—The object of the Acts is to better the condition of agricultural labourers in rural districts by providing them with suitable dwellings and garden allotments. The expression "Agricultural Labourer" for the purposes of the Acts is defined, by Section 4 of the Act of 1886, to mean a man or woman who does agricultural work for hire at any season of the year on the land of some other person or persons, and includes handloom weavers and fishermen doing work as aforesaid, and also herdsmen. It is, however, provided by Section 93 of the Irish Land Act 1903, that the expression "Agricultural Labourer" in the Labourers Acts shall also include any person other than a domestic or menial servant working for hire in a rural district whose average wages do not exceed 2/6 a day and who is not in occupation of land exceeding $\frac{3}{4}$ of an acre.

Rents of Cottages and Plots.—The Acts do not specify the rents to be charged for the tenements; but Section 29 sub-section 3 of the Act of 1906 requires that the rents shall be so fixed as to secure a reasonable return having regard to the circumstances of the locality affected on the expenditure incurred by the District Council in providing the tenements. By "the circumstances of the locality affected" is meant the facilities which it may afford labourers for obtaining employment, the rate of wages or average earnings of labourers, and the rents which might be obtained in the neighbourhood for similar cottages let by persons other than the Rural District Council.

Financial Provisions.—By the Acts prior to the Act of 1906 loans were made by the Board of Works to the rural authorities for the purposes of the Act. These loans were made at rates of interest fixed by the Treasury.

The rates of interest charged on loans varied from time to time, and from March 1904 to the passing of the Act of 1906 they were as follows:

| Period. | Rate of Interest. | Annuity Covering Principal and Interest. |
|----------|---------------------------|---|
| 20 years | 3 $\frac{1}{2}$ per cent. | £7 os. 9d. |
| 30 " | 3 $\frac{3}{4}$ " " | £5 12s. 2d. |
| 40 " | 4 " " | £5 1s. 1d. |
| 50 " | 4 $\frac{1}{4}$ " " | £4 17s. 2d. |

Number of Cottages prior to 1906.—The total number of cottages built under the Acts prior to the Act of 1906 was 20,634 and at the time of the passing of the Act 887 cottages were in course of construction. The total amount of loans sanctioned was £3,415,280.

The Labourers Act of 1906.—The main feature of the Act of 1906 is the great change which it makes as regards the rate of repayment for loans required for the purposes of the Act. The loans are now to be advanced by the Irish Land Commission on Land Purchase terms, that is, repayable by an annuity covering principal and interest of £3 5s. for every £100 for a period of 68 $\frac{1}{2}$ years. Prior to the passing of the Act the lowest annuity in respect of a loan advanced was, as has been already pointed out, £4 17s. 2d. for 50 years—the longest period; so that under the new terms the annual charge is reduced almost one-third, viz. from £4 17s. 2d. to 3 5s. Further, it is provided by the Act of 1906 that only 64 per cent. of this reduced charge will have to be borne by local rates, the remaining 36 per cent. being met by the Government. Taking these payments into account the annual charge on rates per £100 will be reduced from £4 17s. 2d. to £2 1s. 7d. or a reduction of almost 57 per cent.

Cost of Scheme.—The Act of 1906 authorises the Land Commission to make advances up to £4,250,000, and it was stated in Parliament that this sum ought to be sufficient to provide 25,000 cottages and plots, or in other words that the average cost of each cottage and plot should not exceed £170. The total amount of the loans issued under the Act of 1906 from the time of the passing of the Act until the 31st. of March 1910 was £2,201,340. Thus the total amount of loans sanctioned under the Labourers Acts from the passing of the first Labourers Act in 1883 until the 31st. of March, 1910 was £5,616,620.

3. *The Loan Fund Board of Ireland.*

The system of issuing to indigent and industrious persons small loans repayable by instalments is said to have been introduced into Ireland by Dean Swift. The Musical Society which existed in Dublin in the middle of the eighteenth century also applied portion of the receipts from its concerts to Charitable Loan Society purposes. The Managers of the Musical Society were incorporated by the Act 17 and 18 George III. Cap. 12, passed in 1778, as a Charitable Loan Society, and were authorised to issue loans throughout Ireland. These loans were repayable by instalments, but no interest was chargeable on them.

In 1823 an Act (4 George IV. Cap. 32) was passed whereby any number of persons desirous of forming a Charitable Loan Society were permitted to do so. This Act authorised such Societies to charge interest on the loans issued by them. Abuses arose, and in 1836 an Act (6 and 7 William IV. Cap. 55) was passed authorising the Lord Lieutenant to appoint a Board of Commissioners with powers to supervise the working of the various Charitable Loan Societies in Ireland.

This Act was amended in 1843 by the Act 6 and 7 Vic. Cap. 91. Under this Act and a short amending Act passed in 1900 the Societies now in existence carry on their operations. The following are some of the main provisions of the Act of 1843.

Under Sections 2 and 3 the Lord Lieutenant of Ireland appoints the Board and its officers. The Board consists of six members and the staff consists of a Secretary and Inspector, and occasional clerical assistance. Under Section 7 the Board is required to present an Annual Report of its Proceedings to Parliament. Under Section 16 each loan society is empowered to appoint a trustee, manager, treasurer, secretary, clerk, messenger or other officer. Under Section 21 every treasurer or other person having to do with the receipt or custody of money belonging to a society is to give such security as the Loan Fund Board may direct.

Section 24 provides that it shall not be lawful for any such society to make any loan on personal security to any one individual at any time exceeding in amount the sum of £10, and that no second or other loan shall be made to the same individual, or to any person on his behalf, until the previous loan has been repaid.

Section 27 authorises a rate of discount on loans not exceeding 4d. in the £ for 20 weeks, the amount of the principal to be received by instalments at such times and in such proportions as the Trustees or Manager may think fit.

Section 28 empowers the Loan Fund Board to authorise a loan society to advance any portion of its funds at interest not exceeding one penny-halfpenny per £1 per month repayable by instalments at intervals of not less than 27 days.

Section 39 provides that the books and accounts of all loan societies are to be kept in such manner as the Loan Fund Board shall direct and approve, and they are to be produced on demand to the officer authorised by the Board for inspection.

Section 40 provides that the Trustees and Managers of every Society shall forward to the Loan Fund Board annually an abstract of account made out to the 31st. December each year.

The income of the Loan Fund Board is derived from documents sold by the Board to the loan societies, e. g. promissory note forms, borrowers'

cards, application papers, default notices, etc. and from dividends on stock purchased from time to time when the receipts exceeded the expenditure. The total receipts amount to about \$900 per annum. The expenses, which at present equal the income, are made up of salaries, the Inspector's travelling expenses and subsistence allowance, law costs and printing. The Government provides the office of the Society and bears the cost of printing the Annual Report.

The number of societies in operation in 1909 was 51. The amount of capital accounted for by the societies as £91,506. The total amount in circulation was £200,481. The number of loans issued was 35,395.

CREDIT

ITALY.

I. — CURRENT QUESTIONS.

Special Institutes for Agricultural Credit The Agricultural Credit Department of the Bank of Sicily.

Sources :

Annali del credito e della previdenza. - Anno 1911, N. 90. Credito agrario. La legislazione italiana sul credito agrario, cenno storico e critico dell'Avv. Alessandro Baccaglini. - Ministero di Agricoltura, Industria e Commercio (*Annals of Credit and Thrift*. - Year 1911, No. 90. *Agricultural Credit. Italian Legislation on Agricultural Credit, Historical and Critical Sketch* by Adv. Alessandro Baccaglini. - Ministerial Department of Agriculture, Industry and Commerce). Rome. G. Bertero, 1911.

Legge del 29 Marzo 1906, N. 100, che istituisce presso il Banco di Sicilia una Sezione per l'esercizio del credito agrario (*Law of 29th March, 1906. No. 100, instituting a Department for Agricultural Credit in the Bank of Sicily*).

Regolamento per l'esecuzione della legge predetta, approvato con Regio Decreto del 23 dicembre 1906, N. 731 (*Executive Regulations of the Above Law approved by Royal Decree of the 23rd. December, 1906, No. 731*).

Regio Decreto 10 giugno 1909, N. 500 che apporta modificazioni al regolamento predetto (*Royal Decree of 10th June, 1909, No. 500, amending the said Regulations*).

Banco di Sicilia. Sessione ordinaria del 1911: Rendiconto del Consiglio di Amministrazione sul servizio del credito agrario e bilancio consuntivo, esercizio 1910 (*Bank of Sicily. Ordinary Session of 1911: Report of the Board of Administration on the Agricultural Credit Service with Balance sheet, for the Year, 1910*), Palermo. A. Giannitrapani, Printers. 1911.

In the tenth number of our Bulletin (31st. October, 1911, page 173), we began our review of the institutes authorized, by special laws, for the exercise of Agricultural Credit, with the Savings Bank of the Bank of Naples.

We shall now speak of the Agricultural Credit Department of the Bank of Sicily: we shall first mention the chief provisions of the law regulating it.

**§ 1. Fundamental Principles of the Law of 29th March, 1906,
and of the Regulations of 23rd. December, 1906.**

Already on the 1st. November, 1888, the Bank of Sicily had been authorised by Royal Decree to conduct agricultural credit operations in accordance with the law of 23rd. January, 1887 and for this purpose an amount of two million francs had been assigned to it. But for various reasons the results were very small. It was necessary to resort to new measures. The Government, the Bank and the Vittorio Emanuele Savings Bank for the Sicilian Provinces conferred together; they decided on the draft of a special bill which was laid before the Chamber of Deputies on the 12th. May, 1903. This bill which, as regards the funds assigned for agricultural credit, did not differ from the law that was passed later on, was considerably amended in the Parliamentary Committee, which presented its report on the 30th. June, 1904. The proposals of the Parliamentary Committee differed from the Government Bill with regard to the organization of the intermediary institutes for the distribution of agricultural credit. The Dissolution of the Chamber prevented the Bill coming up for discussion. It was, however, again presented on the opening of the new Parliament on 18th. December, 1904, in the text drafted by the Parliamentary Committee, and with slight changes became the law of 29th. March, 1906, No. 100.

This law instituted a special Department for Agricultural Credit in the Bank of Sicily and assigned to it an initial amount of three million francs, taken from the reserve fund of the Bank by way of investment for the money.

The Vittorio Emanuele Savings Bank of Palermo also granted this Department an advance on current account, of two millions at interest; then, in order to provide it with a means for the progressive increase of its available funds, the Bank of Sicily was authorized to undertake the work of the Savings Bank for the Sicilian Provinces and invest three tenths of the deposits in agricultural credit business (1). According to the law above mentioned and the Executive Regulations (2), as agricultural credit operations must be understood: (a) discounting of bills drawn by farmers and transferred by the intermediary institutes or signed by them: (b) discounting of bills directly issued by these last either to obtain funds for purchase of farm requisites or for advances to applicants in cases of

(1) On the 21st. December, 1910, these deposits reached the considerable amount of frs. 16,479,084.75: at that date, then, about five millions were added to the available funds of the agricultural credit department.

(2) The Royal Decree of 10th. June, 1909, No. 500, amended the Regulations of 23rd. December, 1906.

collective sale of produce, or for supply of the ordinary requirements of farms managed by these institutions, or, finally, to supply the defect of their own means for granting loans to the farmers.

According to the principle by which all the special legislation on agricultural credit is inspired, the above operations must not be conducted with private farmers, but with the institutions established and working in the provinces of the island; but their rules must also correspond with the requirements of the Bank. The regulation specifies these institutions as follows:

(a) agricultural co-operative societies for production and labour or such as in any manner propose to themselves any agricultural end, legally constituted as limited liability societies, societies *en commandite* or societies of collective title.

(b) agricultural consortiums, whether co-operative societies or corporations, and non-co-operative agricultural associations generally, in every case legally constituted;

(c) "monti frumentarii";

(d) agricultural or rural banks, whether they are instituted by corporate bodies, or private societies, under the form of co-operative or limited liability societies *en commandite* or of collective title;

(e) legally constituted societies for trade in products derived from the plants of the orange group;

(f) agricultural banks working as savings banks and conducting agricultural credit operations (1).

Loans should by preference be granted to institutes of exclusively agricultural character and aims; which principally lend in kind; and also grant loans to non-members and allow them a share in the profits. The rate of interest may not exceed 4 %.

The law and regulations also contain special provisions regulating operations between the intermediary institutions and their members.

First of all the objects for which the loans may be granted are stated:

1st. For operations which enjoy the legal precedence established by articles 1,958, No. 5, and 1,960 of the Civil Code and article 23 of the law we are dealing with, whether for harvesting, general cultivation, seeds, manure, anticyptoganic or curative or insecticide substances;

2nd. for operations enjoying conventional privilege, granted, as will be remembered, by the law of 23rd. January, 1887, or for providing farms with live stock or material, and all farm requisites;

(1) The law and the executive regulation contain a series of provisions favouring and regulating the institution of "Monti frumentarii", consortiums and agricultural banks, in Sicily.

3rd. for distribution of provisions to tenants engaged as *métayers* or paying rent partly in kind, and for the distribution of provisions, on account of their wages, to workmen in periods of unemployment ;

4th. for advances against deposit of special agricultural produce, of easy conservation, to be stored in the collective warehouses. It is established, in the second place, that the intermediary institutions must only grant loans in favour of the following persons: landowners farming their own lands; tenants on long lease, *métayers*, tenants paying rent partly in kind, and tenants of agricultural land who have not sublet it. This provision clearly tends to ensure the agricultural destination of the loan.

Let us now examine the work of the agricultural credit department of the Bank of Sicily in the year 1910.

§ 2: *The Agricultural Credit of the Bank of Sicily in 1910.*

The data we give in this section are taken from the report of the Board of Management of the Bank, for the working year 1910. This report, in the first place, shows that the number of institutions, that may do credit business with the Department is continually increasing; they were 42 in 1907, 111 in 1908, 157 in 1909 and 202 in 1910. This last number was made up, (31st. December, 1910) of 68 agricultural co-operative societies for production and labour (1), 84 agricultural and rural banks, 11 agricultural consortiums, 5 agricultural banks, 5 co-operative wine societies, 3 "Monti Frumentari," and 26 agricultural associations; the total number of members exceeded 29,000 and the total capital amounted to over 120,000,000. The total amount for which the Bank had granted credits to these institutes was, at the same date, 9,690,000 frs., distributed over the various provinces as follows:

| | |
|-------------------------|--------------|
| Palermo | L. 2,031,000 |
| Messina | „ 72,000 |
| Catania | „ 743,000 |
| Caltagirone | „ 1,420,000 |
| Girgenti | „ 1,372,500 |
| Trapani | „ 1,038,000 |
| Syracuse | „ 1,202,000 |
| Caltanissetta | „ 1,811,500 |

But the amount actually employed that year in credit operations amounted to 7,119,720.36 frs. In the following table we give data relating to it for the four working years of this credit institution:

(1) Of these co-operative societies, 32 are collective farms and altogether hire an area of land of 31,693 hectares.

| Years | Operations Conducted | | | | | | | | | |
|----------------|----------------------------------|--------------|--------------------|------------|--------------------|--------------|----------------------|------------|--------------------|--------------|
| | with the Intermediary Institutes | | | | | | with Private Parties | | General Total | |
| | Rediscount | | Direct Discount | | Total | | Number of Bills | Amount | Number of Bills | Amount |
| | Number of Bills | Amount | Number of Bills | Amount | Number of Bills | Amount | | | | |
| | | | | | | | | | | |
| 1907 | 929 | 181,255.00 | 8 | 113,658.92 | 937 | 294,913.32 | 4,336 | 805,341.60 | 5,273 | 1,100,255.52 |
| 1908 | 9,663 | 1,881,708.63 | 31 | 127,629.69 | 9,694 | 2,009,338.32 | 819 | 182,960.00 | 10,513 | 2,192,298.32 |
| 1909 | 16,113 | 3,634,759.89 | 68 | 372,219.43 | 16,181 | 4,006,979.32 | 169 | 54,290.00 | 16,350 | 4,061,269.32 |
| 1910 | 25,490 | 6,089,063.58 | 145 | 999,201.78 | 25,635 | 7,088,265.36 | 103 | 31,455.00 | 25,738 | 7,119,720.36 |

Between the first working year (1907) and the 31st. December, 1910, there was, then, an increase of 6,019,464.84 frs. in the amount of the operations. This is essentially due to the operations conducted with the intermediary institutes (1) because those conducted with private farmers have decreased more and more. In fact, in the year 1910, out of 25,738 conducted for an amount of 7,119,720.36 frs., 25,635 were with the intermediary institutes, the amount being 7,088,265.36, and 103 were operations conducted directly with individuals for an amount 31,455 frs.(2). The latter are in proportion to the former as 4 to 100, and are evidently far less important.

But in order to have an exact idea of the progress of agricultural credit in Sicily, we must consider the operations conducted under various aspects; we must consider the social condition of the borrowers, the purpose for which the loans were granted, and the kind of cultivation for which they were intended. First of all, the total amount of 7,119,720.36 frs. for 25,738 loans was distributed in 1910 among the different provinces as follows :

| | Number of Bills | Amount |
|-------------------------|--------------------|--------------|
| Caltanissetta | 5,997 | 1,611,194.16 |
| Palermo | 5,539 | 1,572,194.52 |
| Caltagirone | 5,311 | 1,331,354.94 |
| Girgenti , | 2,514 | 795,968.68 |
| Trapani | 3,624 | 774,217.25 |
| Syracuse | 2,290 | 746,216.65 |
| Catania | 360 | 252,047.51 |
| Messina | 103 | 36,526.65 |

These amounts were distributed as follows among the classes of persons indicated :

(1) of 202 institutions for which credits had been opened in 1910, only 155 conducted operations with the Bank; the other 47 were not, however, inactive, but, in conceding loans, they made use of their own resources (capital and deposits); as did also the intermediary institutions in relation with the Department.

(2) A decrease of 66 bills for an amount of 22,835 frs in comparison with 1909.

Classification of the Operations According to the Social Condition of the Borrowers.

| Provinces | Landowners | | Tenants on Long Lease | | Mistayers | | Tenant Farmers | | Total | |
|---------------------|-----------------|--------------|-----------------------|------------|-----------------|------------|-----------------|--------------|-----------------|-----------------------------|
| | Number of Bills | Amount | Number of Bills | Amount | Number of Bills | Amount | Number of Bills | Amount | Number of Bills | Amount |
| Palermo..... | 2,788 | 769,258.37 | 314 | 101,715.00 | 231 | 44,168.19 | 2,178 | 536,552.14 | 5,511 | 1,451,693.70 |
| Messina | 89 | 19,572.34 | — | — | 4 | 654.31 | 5 | 600.00 | 98 | 20,826.65 |
| Catania | 205 | 72,443.36 | 2 | 800.00 | 82 | 36,283.15 | 56 | 19,721.20 | 345 | 129,247.71 |
| Girgenti..... | 937 | 238,509.84 | 249 | 56,435.00 | 467 | 115,962.20 | 842 | 235,246.79 | 2,495 | 646,153.83 |
| Trapani | 880 | 195,481.35 | — | — | 20 | 5,508.00 | 2,711 | 370,391.81 | 3,611 | 571,381.16 |
| Syracuse | 734 | 304,827.45 | 779 | 173,252.05 | 85 | 21,356.15 | 679 | 178,794.00 | 2,277 | 678,229.65 |
| Caltanissetta | 1,766 | 418,258.93 | 205 | 23,766.63 | 782 | 190,299.58 | 3,202 | 730,955.80 | 5,955 | 1,363,280.94 |
| Caltagirone..... | 2,546 | 612,789.85 | 29 | 9,740.00 | 284 | 43,718.00 | 2,442 | 593,457.09 | 5,301 | 1,259,704.94 |
| Total... | 9,945 | 2,631,141.49 | 1,578 | 365,708.68 | 1,955 | 457,949.58 | 12,115 | 2,665,718.83 | 25,593 | 6,120,518.58 ⁽¹⁾ |

(1) The Agricultural Credit Department of the Bank of Sicily also discounted directly for the institutes 143 bills amounting to 999,201,78 frs. for purchase of farm requisites, loans on produce, etc.

These loans were granted for different purposes to the above classes of borrowers :

| | |
|-------------------------------------|-----------------------------------|
| For cultivation generally | 6,038 bills for frs. 1,300,842.26 |
| „ cattle | 2,626 „ „ „ 901,944.27 |
| „ collective purchase | 94 „ „ „ 694,672.24 |
| „ manure | 2,930 „ „ „ 345,732.64 |
| „ seeds | 1,199 „ „ „ 227,507.83 |
| „ distribution to members | 36 „ „ „ 204,713.62 |
| „ harvesting | 823 „ „ „ 179,556.63 |
| „ advances on produce | 10 „ „ „ 85,870.67 |
| „ machinery | 78 „ „ „ 65,730.32 |
| „ implements | 36 „ „ „ 16,141. „ |

Classification of the Operations according

| PROVINCES | Seed Crops | | Vineyards | |
|-------------------------|-----------------|--------------|-----------------|--------------|
| | Number of Bills | Amount | Number of Bills | Amount |
| Palermo | 2,401 | 596,459.27 | 1,326 | 339,421.73 |
| Messina | 16 | 1,795.19 | 34 | 8,749.99 |
| Catania | 220 | 97,521.26 | 84 | 16,355.00 |
| Girgenti | 1,853 | 450,413.83 | 283 | 88,675.00 |
| Trapani | 2,809 | 380,573.15 | 682 | 158,345.00 |
| Syracuse | 794 | 338,530.25 | 1,259 | 278,662.30 |
| Caltanissetta | 5,663 | 1,277,017.64 | 118 | 45,876.60 |
| Caltagirone | 4,722 | 1,095,457.60 | 387 | 95,882.34 |
| Total . . . | 18,478 | 4,237,768.19 | 4,173 | 1,031,967.96 |

(1) The Agricultural Credit Department of the Bank of Sicily also discounted 145 bills for the amount

The Agricultural Credit Department of the Bank of Sicily received interest of 4 % on the above operations for the year 1910, and the inter-

| | | |
|--|-----------------|-----------|
| „ farm work conducted by the intermediate institutions . . . | 5 bill for frs. | 13,945.25 |
| „ anticryptogamic material . . . | 107 „ „ „ | 12,525.40 |
| „ distribution of provisions to <i>mé-layers</i> | 114 „ „ „ | 9,662.77 |
| „ stock of material | 24 „ „ „ | 9,244. „ |

There were besides 11,618 loans for an amount of 3,051,631.46 frs. granted for several simultaneous purposes.

It will be also well to examine the manner in which the agricultural credit operations of the Bank of Sicily were divided according to the various kinds of cultivation for which the amounts were intended. This is seen in the following table :

to the Various Kinds of Cultivation.

| Orange, Lemon, etc. Cultivation | | Olive Plantations | | Various Kinds of Cultivation | | Total | |
|------------------------------------|------------|--------------------|-----------|------------------------------|------------|--------------------|--------------|
| Number of Bills | Amount | Number of Bills | Amount | Number of Bills | Amount | Number of Bills | Amount |
| 1,060 | 328,754.99 | 122 | 21,925.48 | 602 | 165,132.23 | 5,511 | 1,451,693.70 |
| 17 | 4,920.00 | 21 | 3,734.47 | 10 | 1,627.00 | 98 | 20,826.65 |
| 29 | 12,021.45 | — | — | 12 | 3,350.00 | 345 | 129,247.71 |
| — | — | 2 | 800.00 | 357 | 106,265.00 | 2,495 | 646,153.83 |
| — | — | 2 | 560.00 | 118 | 31,903.01 | 3,611 | 571,381.16 |
| 13 | 3,820.00 | 6 | 2,150.00 | 205 | 55,067.10 | 2,277 | 678,229.65 |
| — | — | 2 | 1,025.00 | 172 | 39,361.70 | 5,955 | 1,363,280.94 |
| 60 | 28,495.00 | 17 | 2,685.00 | 115 | 37,185.00 | 5,301 | 1,259,704.94 |
| 1,179 | 378,011.44 | 172 | 32,879.95 | 1,591 | 439,891.04 | 25,593 (1) | 6,120,518.58 |

999,201.78 frs. directly for the Intermediary Institutes.

Intermediary institutions in their turn generally asked 6 % in their operations with their members.

II. BIBLIOGRAPHY.

Publications of Recent Date Relating to Non Co-operative Agricultural and Land Credit.

- BUFFERLI, ANTONIO : Credito privilegiato per la somministrazione dei concimi, delle macchine, e materie utili all'agricoltura. - Relazione al Congresso nazionale dei consorzi agrari co-operativi in Torino 6-9 settembre 1911 (*Privileged Credit for the Concession of Manure, Machines, and Farm Requisites. Report to the National Congress of Agricultural Co-operative Consortiums at Turin, 6th-9th September, 1911*) Imola, P. Galeati, 1911.
- DE CAROLIS, CARLO : Quanto capitale è a disposizione del credito per gli agricoltori italiani (*How much Capital is Available for Credit to the Italian Farmers?*) in the "Giornale di Agricoltura della Domenica", Piacenza, No. 44. 29th. October, 1911.
- DETTORI, Giovanni : Agricoltura e credito in Sardegna; prime linee di una inchiesta sulle condizioni economico-sociali della Sardegna (*Agriculture and Credit in Sardinia: Outlines of an Enquiry into the Economic and Social Conditions of Sardinia*). Cagliari. G. Dessì, 1911.
- FERRERO DI CAMBIANO, CESARE : Discorso inaugurandosi in Torino il 23 settembre 1911 il II Congresso nazionale delle Casse di risparmio italiane (*Speech delivered on the 23rd September, 1911, at the Inauguration of the 2nd National Congress of Italian Savings Banks*). Turin, Botta .
- MANASSEI, PAOLANO: Le casse di risparmio e il credito agrario: proposta fatta al II Congresso nazionale delle Casse di risparmio italiane in Torino (*Savings Banks and Agricultural Credit: Proposal made at the Second National Congress of Italian Savings Banks at Turin*). Turin, Botta, 1911.

PART IV.

MISCELLANEOUS.

(FACTS AND PROBLEMS OF GENERAL AGRICULTURAL ECONOMIC INTEREST)

MISCELLANEOUS

FRANCE.

I. — CURRENT QUESTIONS.

Re-afforestation before the French Parliament.

Sources :

a) Parliamentary Documents ;

Bill proposed by M. Cazeaux-Cazalet and colleagues relative to the clearing of land and the preservation of woods, etc. (*Chamber of Deputies. 8th Leg. No. 2,718, Supplement to Report of 2nd Session of 6th Nov., 1905*).

Bill presented by the Government proposing modification of article 159 and of Part XV of the Forestry Code on the clearing and working of woods belonging to private persons. (*Chamber of Deputies, No. 2,995, Supplement to Report of the Sitting of 14th. February, 1906*).

Report of Commission for examination of bill fixing the sum to be spent on this Branch, 1907. (*Ministry of Agriculture*) by M. Fernand David, Deputy.

Proposal presented by M. Fernand Bougère, Deputy, relative to the subjection of private woods to forestry laws. (*Chamber of Deputies, 9th. Leg. No. 813, Supplement to Report of Sitting of March 7th., 1907*).

Proposal of the same for modification of articles 6 and 11 of the law of 1st. July, 1901 and authorisation of recognised associations of public utility, or registered associations, to possess woods and lands to be utilised for re-afforestation. (*Chamber of Deputies, 9th. Leg. No. 814. Supplement to Report of Sitting of 7th. March, 1907*).

Proposal of M. Fernand David to put a stop to deforesting in France. (*Chamber of Deputies, 9th. Leg. No. 843, Supplement to Report of Sitting of 15th March 1907*).

Proposal of Messrs. Fernand David and Pierre Baudin for modification of forest-laws so as to prevent deforesting in France. (*Chamber of Deputies, 9th. Leg. No. 1,351, Supplement to Report of 1st. Sitting of 2nd. Dec., 1907*).

Proposal of the same for legislative measures to permit certain establishments or associations to co-operate in re-afforestation in France. (*Chamber of Deputies. 9th. Leg. No. 1,352, Supplement to Report of 1st. Sitting of 2nd. Dec., 1907*).

Report of Commission for examination of the bill for fixing the general estimates for 1908. (*Ministry of Agriculture*) by M. Fernand David, Deputy.

Government Bill renewing that of 14th Feb., 1906, (*Chamber of Deputies*, 9th. Leg. No. 1,526. *Supplement to Report of Sitting of 20th. Feb.*, 1908).

Proposal of M. Pierre Baudin and some of his colleagues for making an inventory of the forest domains of France. (*Chamber of Deputies*, 9th. Leg. No. 1,488, *Supplement to Report of Sitting of 25th. Feb.*, 1908).

Report of M. Louis Vigouroux, in name of the Commission of Agriculture on this proposal (*Chamber of Deputies*, 9th. Leg. No. 1,540. *Supplement to Report of Sitting of 25 Feb.*, 1908).

Report of same in name of same Commission on the above proposals, Nos. 813, 814, 1,352. (*Chamber of Deputies*, 9th. Leg. No. 1,835, *Supplement to Report of the 2nd. Sitting of 26th. June*, 1908).

Proposal of M. Charles Beauquier for the formation of national forest reservations with a view to hygiene, and for the preservation of sites and landscapes. (*Chamber of Deputies*, 9th. Leg. No. 1,899, *Supplement to Report of Sitting of 6th. July*, 1908).

Report of M. Fernand David in name of the Commission of Agriculture on the above proposals, Nos. 843, 1,351, 1,526. (*Chamber of Deputies*, 9th Leg. No. 1,993, *Supplement to the Report of Sitting of 11th July*, 1908).

Proposal of the same for the modification and completion of the law of 4th. April, 1882, relative to the improvement and preservation of mountain lands with a view to the re-afforestation of France. (*Chamber of Deputies*, 9th. Leg. No. 1,315, *Supplement to Report of the Sitting of 11th July*, 1908).

Report of same in name of the Commission of Agriculture on the above proposal No. 1,315. (*Chamber of Deputies*, 9th. Leg. No. 1,994, *Supplement to Report of the Sitting of 11th. July*, 1908).

Report of M. Audiffred in name of the Commission for examination of the bill for the encouragement of re-afforestation and the preservation of private forests. (*Senate*, No. 185, year 1909. *Ordinary Session*, *Supplement to Report on the Sitting of 6th July*, 1909).

b) Other Publications ;

BAILAC (JULES) : Le Reboisement en France (*Re-afforesting in France*). Bordeaux, Cadoret Press, 1910.

BELLET (DANIEL) : Inondations et Déboisement (*Inundations and Deforesting*) - Measures to be taken. Article in the *Revue politique et parlementaire*. April, 1911.

BRIOT (F.) : Les Alpes Françaises (*The French Alps*) - Study of Alpine economics and application of the law of 4th April, 1882 to the restoration and improvement of mountains. 1 Vol. 8vo. Paris. Berger-Levrault, 1896.

— Boissements, Forêts et Pâturages (*Afforestation, Forests and Pastures*). - Article in the *Revue des Deux Mondes*, 1st July, 1910.

BRUAND (L.) : Pour la défense des Forêts (*For the Protection of Forests*). - Article in the *Journal des Débats*, 26th. April, 1908.

BRUNHES (BERNARD) : Houille blanche, déboisement, droit de propriété (*Hydraulic Power. Deforesting, Rights of Property*). - *Revue de Fribourg*, April, 1905.

BUFFAULT (PIERRE) : Le problème du reboisement (*The Problem of Re-afforestation*). - Bergerac South Western General Printing Office, 1906.

— Le rôle des forêts (*The Use of Forests*). - Rodez, Carrère, 1906.

- DEMONTZÉY : Sur l'extinction des torrents en France par le reboisement. (*The Disappearance of Streams through Re-afforestation*) - Paris, National Printing Office, 1893.
- DUSCOMBES (PAUL) : Etude sur l'aménagement des montagnes dans la chaîne des Pyrénées (*The Question of the Management of Mountains in the Pyrenean Chain*). - Bordeaux, Feret and Son, 1904.
- L'orientation des capitaux vers le reboisement (*The Application of Capital to Re-afforestation*) Bordeaux, Printed by Saugnac, 1905.
 - La conservation et l'amélioration des forêts particulières (*The Preservation and Improvement of Private Forests*). - Bordeaux, Commercial and Industrial Printing Office, 1905.
 - Le reboisement et l'aménagement des montagnes par l'initiative privée (*Reafforestation and Management of Mountains by Private Initiative*). - Bordeaux, Imprimerie Commerciale et Industrielle, 1905.
 - L'utilité des forêts pour la prospérité pastorale (*The importance of Forests for Pastoral Prosperity*). - Bordeaux. Printed by Taffard, 1905.
 - Une expérience d'aménagement pastoral et forestier dans les Pyrénées (*An Experiment in the Management of Pasture-land and Forests in the Pyrenees*). - Toulouse. Printed by Privat, 1906.
 - La mise en pratique du reboisement (*The Practical Work of Re-afforestation*). - Bordeaux. Feret and Son, 1907.
 - La défense des montagnes (*The Protection of Mountains*). - *Revue des Deux Mondes* 15th June, 1907.
 - Le problème du reboisement (*The Problem of Re-afforestation*). - *Economiste Français*, 16th. Nov., 1907.
 - Le reboisement en montagne sans pépinière d'altitude (*The Re-afforestation of Mountains without Special Nursery-grounds*). - Report of the Society of Natural and Physical Science of Bordeaux, 10th. Dec., 1907.
 - Proposition de loi libérale pour le reboisement (*Bill for Re-afforestation*). - Bordeaux, Commercial Printing Office, 1907.
 - Guide pour la création des sociétés scolaires forestières (*Guide to the Organisation of Societies for Instruction in Forestry*). - Bordeaux, Feret and Son, 1909.
 - La défense forestière et pastorale (*The Protection of Forest and Pasture Lands*) - 1 vol. 8vo. Paris, Printed by Ganthier-Villars, 1911.
 - La lutte contre les inondations par le reboisement (*The Prevention of Inundations by Re-afforestation*). - Bordeaux, Feret and Son, 1911.
 - Le reboisement et les initiatives (*Re-afforestation and Initiative*). - Bordeaux, Pech and Co. 1911.
 - La défense des forêts (*The Protection of Forests*). - *Revue des Deux Mondes*, 15th. Nov., 1911.
- DUCROT (LOUIS) : La réforme forestière et la propriété privée (*The Reform of Forestry and Private Property*). - 1 vol. 8vo. Lyons, Printed by J. Poncet, 1910.
- DUGARÇON (ALCÉE) : La loi française et la question forestière (*French Law and the Forestry Question*). - *Revue Politique et Parlementaire*, 10th. May, 1911.
- FABRE (L. A.) : L'exode du montagnard et la transhumance du mouton de France (*The Exodus from the Mountain and the Change of Pasture for Sheep in France*). - *Revue de l'Economie Politique*, March, 1909.
- La fuite des populations pastorales françaises (*The Flight of the Pastoral Population in France*). - *Réforme Sociale* of the 16th Dec., 1909.

- GRIEKD (CYPRIEN) : La production forestière, ce qu'elle devait être (*The Produce of Forests and what it ought to be*). - *Semaine Agricole* 6th. Feb., 1910.
- GUYOT (CHARLES) : Cours de droit forestier (*Course of Forest Law*) (about to be published). - Paris, Lucien Laveur.
- HUFFEL (G) : Economie forestière (*Economics of Forestry*) - 3 vols, 8vo. Paris, Lucien Laveur (2nd edition). 1911.
- DE KIRWAN : La déforestation et les moyens de la conjurer (*Deforestation and the Means of Preventing it*). - *Correspondant*, 10th. Oct., 1908.
- Tout est-il pour le mieux en forêt comme en montagne ? (*Is all for the Best in Forest and Mountain ?*). - *Correspondant*, 25th. Nov., 1910.
- Les monts, les bois et les eaux (*Mountains, Woods and Waters*) *Revue des Questions Scientifiques*, Jan, 1911.
- MENGEOT (A) : Sociétés scolaires forestières et fêtes de l'arbre (*Societies for Instruction in Forestry and "Arbor Days"*). - Toulouse R. Privat, 1906.
- MOREL (LOUIS) : La question forestière en France (*The Forestry Question in France*) - Paris, Arthur Rousseau, 1910.
- PAWLOWSKI (AUGUSTE) : La défense des forêts (*The Protection of Forests*). From the *Journal des Débats*, 26th April, 1908.
- Comte DE ROQUETTE-BUISSON : Le déboisement des Pyrénées (*The Deforestation of the Pyrenees*) - Tarbes, Vimard, 1908.
- La question forestière dans la zone montagneuse des Pyrénées. (*The Forestry Question in the Mountain Districts of the Pyrenees*) Tarbes, Vimard, 1909.
- DE SAILLY (A) : La lutte contre la désertion des montagnes (*Efforts to prevent the Desertion of the Mountains*). - *Réforme Sociale*, 1st Jan., 1910.
- TOUZAUD (DANIEL) : Le reboisement des montagnes au point de vue social (*Re-afforestation of Mountains from the Social Point of View*) *Réforme sociale*, 1st June., 1910.
- VIGOUREUX (LOUIS) : Le reboisement en France et en Angleterre (*Re-afforestation in France and England*) - *Idées Modernes*. Feb., 1909.
- Revue des Eaux et Forêts (*Review of Waters and Forests*).
- Revue Mensuelle du Touring Club de France (*Monthly Review of the French Touring Club*)
- Bulletin de la Société forestière française des Amis des Arbres (*Bulletin of the French Forestry Society of the Friends of Trees*).
- Bulletin trimestriel de l'Office forestier du Centre et de l'Ouest (*Quarterly Bulletin of the Forestry Office of the Centre and the West*).
- Bulletin trimestriel de la Société française de Franche-Comté et Belfort (*Quarterly Bulletin of the French Society of Franche-Comté and Belfort*).
- Bulletin trimestriel de la Société des Amis des Arbres, du reboisement des Alpes-Maritimes. (*Quarterly Bulletin of the Friends of Trees Society for Reafforestation of the Alpes Maritimes*).
- Comptes-Rendus des Assemblées Générales de l'Association Centrale pour l'aménagement des montagnes (*Report of the Meetings of the Central Association for Mountain Management*). Bordeaux, printed by Pech.
- Comptes-Rendus des Congrès de l'aménagement des montagnes (*Report of the Congresses of Mountain Management*). - Bordeaux, Feret and Son. (from 1906) See especially the Compte-Rendu of the III Congress (First International Congress for the Management of Mountains)

The authors who have recently endeavoured to point out the causes of the depopulation of rural districts in France, have found themselves in difficulties, and M. Ch. Bournisien, who some months ago investigated the question through statistics (1) could think of nothing better to say than this: "After all we have no sufficient and certain knowledge as to the moral condition of the rural population to enable us to discover the motives of their voluntary sterility." In mountain districts one of the most powerful of these motives seems to be deforestation.

M. Paul Buffault, an inspector of forests, has ascertained that in the thirty departments of France which are most denuded of forests, the population diminishes nine times more rapidly than in the other fifty-seven where the woods have been preserved. Between 1851 and 1901 the population in Ariège, Haute-Garonne, and Hautes and Basses Pyrénées has diminished by 146,000.

And the rural exodus continues to accelerate depopulation in the deforested departments. Every year young men full of energy from the Pyrenees, the Alps and from Lot, emigrate in crowds to America. A century ago Chateaubriand said, "Forests precede population; deserts follow it."

§ 1. *Deforestation; its Character and Results.*

It is necessary to have an exact definition of the word *deforestation*. As M. Paul Descombes wisely remarks, all cutting down of trees is not deforestation. Only when the cutting down exceeds due proportions and is made too soon, can it be considered an act of deforestation.

Unfortunately, such injudicious cutting down is too often committed, even though it causes calamities which ought to make those who are interested reflect. Not a year passes without cries of anguish from people whose dwellings are periodically swept away by avalanches or torrents, or swallowed up by the muddy waves of rivers that have overflowed. After every disaster the State sends to these unfortunate people some thousands or millions of francs. And every year the State on its own account asks from Parliament the necessary credit to repair its roads, dykes and broken bridges. The inundation from which Paris suffered in January, 1910, and those more recent in Angers, Nantes, Bordeaux, Avignon etc., are still fresh in the memory of all.

Now it is a well ascertained fact that inundations do not occur, for instance, in the Jura and Ardennes, where the coefficient of afforestation

(1) In the *Revue Politique et Parlementaire*, of the 10th. May, 1911, p. 287.

is 30 per cent, but in the region of the Cevennes and of the Central Plateau where the coefficient is only from 10 to 12 per cent. The average ratio of afforestation in France is only 18 per cent, and according to Demontzey there are in the country 1,500 torrents, twice as many as in the rest of Europe; in the French Alps 200,000 hectares are devastated by their overflow against 6,014 in the whole of Switzerland.

§ 2. *The Present State of Forests in France.*

The too low ratio of wooded lands in France nevertheless covers 9,500,000 hectares of forest land, including 6,429,435 hectares of coppice, 2,825,799 hectares of forest trees, and 266,324 hectares of young plantations (1). Two-thirds of these forests belong to private individuals, and the remaining third is administered by the officials of the Waters and Forests Service, in accordance with the regulations of the forestry code.

As M. Paul Descombes (2) has pointed out, the condition of these different forests varies much according to the man in charge of them.

The forests that belong to the State are generally considered to be models as regards their management; they have long been under careful regulation and are nearly all planted with forest trees; the clearings have been judiciously spaced, marked out beforehand and carefully controlled so as to preserve the well grown trees, the timber of which brings a much higher price than wood for burning.

We may add that for half a century the economic mistake has no longer been made of selling a certain number of State forests, spite of the protestations of the Administration of Waters and Forests.

Woods belonging to communes, to public institutions, to hospitals or hostels are generally placed under forestry regulations, that is to say, they are under the management of the Administration of Waters and Forests; the profits are handed to the proprietors after deduction of one-twentieth for expenses of management. In spite of incessant requests for permission to make special cuts of wood to supply deficits in communal revenues and for permissions to graze cattle and stock, demands which must sometimes be granted, these woods are kept in good condition. Intelligent municipalities

(1) Figures given by M. Audiffred in his report on behalf of the Senatorial Commission to examine the bill then before the Chamber of Deputies intended to favour re-afforestation and the preservation of private woods. Senate, 1909, Ordinary Session. Supplement No. 185 to the Report of the Session of the 6th. July, 1909.

(2) *Le reboisement et les initiatives*, broch. 8vo. Bordeaux, 7 Pech. 1911.

which have been wise enough to take hints from the forest officials have often doubled the produce of their woods by the adoption of judicious measures and the carrying out of needful improvements. On the other hand, those communal woods which are not under the forestry régime are generally destroyed by cattle. In a report made for a parliamentary commission, M. Fernand David pointed out in the two departments of Savoy and Haute Savoie alone the waste of 15,447 hectares of woods belonging to communes and to public institutions (1), and the communes of the "landes" of Gascony are almost alone in having themselves kept their woods in good condition.

Of the woods belonging to private owners, some are well-kept, and others leave much to be desired for the following reasons:

1. Articles 832 et seqq. of the Civil Code, with regard to the division of property in kind are liable to cause serious interference with the preservation of woods. The subdivision which does not permit of scientific management and working of forests, generally leads to their destruction, and to clearing, pure and simple. Unfortunately, to remedy this difficulty it would be necessary to undermine the very foundations of the rights of inheritance, and it is very doubtful whether legislators would consent to modify them, in spite of recent changes made by the institution of the homestead (*bien de famille*), and the legislation for cheap dwellings.

2. On the other hand, before the yield of a forest can be largely increased, the reserves must be important, and of considerable age, and the growth of coppice wood must be encouraged under the high forest trees. All this requires long periods of time, far exceeding the duration of human life, and cannot be accomplished without patience and foresight with which private owners of forests are not always endowed.

In spite of these considerations, it appears from some notes sent by the Minister of Agriculture to M. Audiffred (2) that the extent of the woods cleared in the last thirty years by private persons does not exceed 29,634 hectares, that is 988 hectares per annum, but to this must be added, according to a Commission of the Chamber of Deputies (3) "the extent of the forests not under a regular system". M. Fernand David in November, 1908 stated that this amounted to 59,705 hectares, a condition which does not warrant unlimited confidence in the *statu quo*.

(1) Particulars respecting these woods will be found in the supplement, No. 1,993 to the report of the session of the Chamber of Deputies of July 11th. 1908, pp. 29 to 32.

(2) See Report above mentioned, p. 28.

(3) See Report. Supplement No. 1,993, above mentioned, pp. 27,28.

§ 3. *State Intervention.*

State intervention for protection of forests in France goes back to the ancient régime. The forests of Gaul appeared inexhaustible when man began to clear them to make room for his dwellings and farms, (1) but from the Middle Ages the lords of the soil had to defend that which remained from trespassers and flocks, and the preservation of the existing woods began by their *direct management* of their feudal domains, embryo of the public domains. The *regulations*, of which the Fors du Béarn, printed in 1552, give an example, were added thereto later; and the forest regulations of Colbert extended in 1699 to all the provinces, regulations of which portions still survive in the forestry code of to-day. Since 1827 the communal forests are under the direct management of the State, and since 1859 clearing can only be carried out under special authorization.

It was with the direct intervention of the State that at the beginning of the XIXth. century Brémontier re-planted the dunes of Gascony; then Chambrelent, in accordance with the law of the 10th. of June 1857, began, by the re-forestation of the Landes, that appeal to capital and enterprise which is responsible for the re-forestation of la Sologne and Dombes.

In those mountainous regions, where the evil results of deforestation are soonest felt, the disappearance of the forests has proceeded parallel to the opening of new roads, which facilitate the sending down of timber and the going up of flocks.

Surell laid down rules for the application of re-forestation in correcting the beds of torrents; and the laws of 1860 on re-forestation and those of 1864 on the formation of meadows provided for contributions from the State and from proprietors to the expenses of the work carried on by the Administration of Waters and Forests.

Unfortunately, private initiative failed to respond to the appeal, and the act of April 4, 1882 increased the burdens of the State, suppressed those of the communes, divided the work into two categories, and made provision for conservation:

1. The State reserved to itself the right to intervene directly and energetically in critical cases by taking exclusively into its charge all "works of restoration rendered necessary by the subsidence of the soil and actual and imminent danger," which are declared by law, after due enquiry, to be compulsory. In such cases the State by expropriation or friendly arrangement acquires the areas so classified.

(1) See more especially Caesar, *De Bello Gallico*, book II, chap. XVIII; book III, chap. XXIX; book IV, chap. XXII; book V, chap. XXXII.

2. In other cases, when preventive measures were deemed sufficient, generous subsidies to be given in the form of trees, labour, or money, were awarded in aid of the optional measures to be taken by communes, associations, and public and private bodies.

§ 4. *Results of the Law of 1882.*

The law of 1882 allowed the State to advance in the progress of *re-storation*. The forestry staff was now composed of engineers to whose skill and intelligence the country is indebted for the disappearance of many destructive torrents in the Alps, the Cevennes and the Pyrenees. In undertaking this work, the Administration entered on a task bristling with difficulties of every description; its functionaries invented new methods for making unstable ground firm and their artistic sense rendered them more careful to preserve the beauties of nature than to leave to posterity testimony of their own labours. They turned their attention to rustic works soon hidden from view by the luxuriant verdure that obliterated from the landscape every trace of the hand of man. The extent of these works is described in the following note sent in 1909 by the Minister of Agriculture to M. Audiffred:

"The work of re-afforestation began here immediately after the promulgation of the law of 28th. July, 1860 substituted later by that of 4th. April, 1882.

It is necessary to go back to 1860 to give an account of the extent of country re-afforested within the prescribed limits as well as of the optional re-afforestation undertaken by communes and private persons aided by the State.

The statistics of 1892 and 1908 show the extent of the tracts re-afforested since 1860.

1st. *Perimeters restored.*

| Period | Area Re-afforested | Wooded Area Restored | Total Area |
|---|-----------------------|-------------------------|------------|
| | Hectares | Hectares | Hectares |
| Period of 32 years, from 1860 to 31st December, 1892. | 62,439 | 5,981 | 68,420 |
| Period of 16 years, from 31st December, 1892 to 31st De- cember, 1908 | 62,954 | 9,343 | 72,297 |
| Total . . . | 125,393 | 15,324 | 140,717 |

2. *Optional Reafforestation with Subsidies.*

| | Hect. |
|--|---------|
| Period of 32 years, from 1860 to 31st December, 1892, tract re-afforested | 63,516 |
| Period of 16 years, from 31, December, 1892 to 31st December 1908, tract re-afforested | 42,864 |
| Total | 106,380 |

The note thus concludes " Numerous re-afforestations have been made by private persons without State subsidy, but it is impossible to say to what extent. "

An approximate idea of these might be obtained, however, according to M. Louis Ducrot, by basing the calculation on the annual remission of taxation granted by the State. For instance, in 1905, the total value of new remissions and of those obtained within less than thirty years and still in force at that date, amounted to 151,971 francs. If we estimate the average tax per hectare remitted to the land-owner we shall find that the number of hectares afforested is probably 133,000.

Amongst the leaders in optional re-afforestation an honourable place must be given to *l'Association centrale pour l'aménagement des montagnes*, founded in 1904 by M. Paul Descombes for the purpose of farming on long leases those communal lands in the high valleys and table-lands which are devastated by the flocks coming up from the plains, famished by their long journey ; also to improve the condition of the commons, to make roads, shelters for shepherds, meadows of which the forage crops will provide litter for the cattle, to plant trees on steep slopes, and brushwood on rocky ground, to preserve wooded pasturage where cattle will be safe and to consolidate the ground, to encourage the substitution of cows for sheep by the organization of dairy associations (*fruitières*); to put a stop to the disastrous joint possession of property between French and foreign communes ; to hand over to the communes improved grazing lands, together with forests producing revenue more than sufficient for their maintenance. These measures were intended to afford a practical example to the people of the connection between well managed grazing lands and forests ; to propagate by publications, lectures and congresses the most efficacious means of regulating water courses, and to solve the double problem of preserving to the mountains their soil and their population, both problems having the same solution."

Supported by the liberality of its subscribers, by the subsidies of the State, the Departments and the Chambers of Commerce, seconded by some early converted mountain dwellers, then by its former adversaries, the as-

sociation stopped the deterioration of its first territory of 2,000 hectares, o which the improvement still goes on without expense to the communes to whom it belongs. Its object lessons have now spread into twelve territories among the three departments of the Pyrenees and the department of Alpes-Maritimes ; under its auspices has also sprung up the " Association Dauphinoise," the " Sylviculteurs de Provence," the " Etudes Limousines." The Touring-Club and the French Alpine Club did not hesitate a moment about joining the movement, and in 1907, the first international Congress for the Management of Mountains which met at Bordeaux was universally applauded.

§ 5. *Where the Law is Deficient.*

Can it be said that the law of 1882 suffices for all requirements? M. F. Briot (1) has recently maintained that it does, but his opinion is not shared by the Commission on Agriculture at the Chamber of Deputies, and M. Fernand David in the name of this Commission makes the following criticisms on the present legislation (2) :

The first paragraph of art. 2 of the law of April 4th., 1882 runs thus ;

" It can only be decided by law whether works of reparation rendered necessary by the deterioration of the soil or by present and imminent dangers shall be considered works of public utility."

Therefore works required by those lands which have not deteriorated, nor undergone denudation, nor been injured by landslips are not to be considered works of public utility. That is to say that the law is applicable only to torrents and to the living rock. State purchase of such lands, which in all France amount only to 200,000 hectares, would scarcely permit of starting works required for correcting river beds and regulating the gradient of watersheds. It is clear that planting with trees a space as narrow as the bed of a torrent cannot act efficaciously on the watercourse, still less on the river into which it flows. It can do no more than prevent the subsidence of banks which are at their base strengthened by dams and masonry.

Besides, this section of the act is applicable only to districts where torrents exist, and extensive woods like those of the Central Plateau, where the subsoil is strong enough to resist erosion, are entirely excluded. Yet in the Central Plateau are the sources of those rivers the overflow of which is most sudden and disastrous.

(1) F BRIOT : *Boisements, forêts et pâturages des montagnes* (Woods, Forests and Mountain Pastures) in the « *Revue des Deux Mondes* » 1st July, 1908.

(2) Chamber of Deputies, Session of 1910, No. 1994.

The Commission of Agriculture considers that the law ought to be so modified that those works shall be declared of public utility which not only aim at the restoration of the soil in case of present and imminent danger, but also at such re-afforesting as is needful for the regulation of watercourses. The choice of land for re-afforestation ought to be made wherever it may be deemed necessary, even in districts without torrents, such as the Central Plateau. The Commission of Agriculture demands further modifications in the laws. It has been observed that the associations of the law of the 1st. July, 1901, mutual aid societies, savings banks and insurance companies, seeking safe and lucrative investments for their capital, to the amount of 1,000 millions, are often prevented both in law and in fact from employing it in re-afforestation :

(a) To prevent the reconstitution of mortmain, the law of the 1st. July, 1901 forbids associations merely declared as such, to hold real estate other than that arising from the subscriptions of their members, except those buildings which are used as the seats of their administration, and for their meetings, or buildings strictly necessary for carrying out the objects they have in view. They therefore cannot possess woods or land to be planted with trees unless their object is clearly re-afforestation.

(b) The same holds good for associations declared to be of public utility, which, whilst they may receive gifts or legacies of real estate, are obliged to sell such real estate if not necessary for their working, and to invest the price in conformity with the law.

(c) On the other hand, mutual aid societies, recognised as institutions of public utility, may (art. 20, law of the 1st. April, 1898) possess, sell and exchange real estate to the amount of three-fourths of their property.

(d) Finally, savings banks have no right to possess woods and land to be afforested, although, by the terms of art. 10 of the law of the 20th. July, 1895, they are permitted to invest a part of the savings in the purchase and the erection of cheap dwelling houses, to say nothing of other, investments more risky than the purchase and working of forest land.

It is not enough for the legislator to permit, advise or even order corporate bodies to purchase forest lands ; he must also, if possible, ensure them means of working such property rationally and economically. If insurance companies which are not, subject to the legal restrictions imposed on the bodies of which we have spoken, have not been desirous to invest in forest lands, it is because they have no competent staff to work the forests scientifically the only way in which they can be made remunerative. And this obstacle is always in the way of other corporate bodies, even if the legislator should remove all legal hindrance to their possessing forests.

Now the State has been compelled for more than a century to administer with its own staff the woods belonging to communes, departments and public institutions. It may be said that it alone in France possesses a competent technical staff, and if the cultivation of woods is now considered throughout the country to be a science, on the same footing for instance as the cultivation of the vine, it is owing to the functionaries of the Administration of Waters and Forests.

§ 6. *Projects of Reform.*

It was therefore inevitable that the idea should be brought forward that it would be desirable to ask the State to extend the benefits of the forest régime to woods belonging to associations and private individuals. In forests placed under this system irregular modes of working and clearing would be checked at their source.

Many bills have been brought forward to remove the legal obstacles in the way of the employment of associated capital in afforestation. After a series of modifications in detail into which it is now impossible to enter, one of these bills was discussed and adopted by the Chamber of Deputies in the session of the 12th. March, 1909. After that the Commission appointed to examine it proposed its adoption, pure and simple, in the Senate. There is therefore every reason to hope that it will soon become law. We give a brief summary :

To facilitate their preservation and working, woods belonging to associations recognised as being of public utility and to registered mutual aid societies are subjected to the forest régime under the same conditions as those of public bodies. At the request of such societies, certain provisions of the forest code (enumerated in art. 3.) are extended to woods belonging to private owners and to societies for mutual assistance. The associations constituted under art. 11 § 2 of the law of the 1st. July, 1901, are empowered to receive woods, forests or land for planting either as a free gift or for payment (art. 4). Savings banks are authorised to employ in the same way the fifth part of their capital or the whole of their incomes.

After the adoption of this bill by the Chamber, the Agricultural Commission proposed that Parliament should make the needful modifications in the law of 1882. When these measures have passed, nothing will be needed except to ensure the support of private individuals.

§ 7. *The Winning over of Public Opinion.*

It is indeed indispensable to the cause of re-afforestation that public opinion should be on its side, for, with its support, all is possible, without it, nothing. In his report to the Senate, M. Audiffred told of a district in Drôme where, with the consent of the inhabitants, some fine plantations had been made. For defence against a torrent it was deemed necessary to acquire some important land belonging to one of the villages. But without the use of these lands the livelihood of the inhabitants became precarious. The mayor of the commune having carefully studied the case, and being authorized by all those interested, came one day with an offer to the Administration, viz. to yield not only the district desired, but also all the property of the village itself for the sum of 200,000 francs, on condition that the villagers should be granted land in Algeria. Such a transaction under exceptional circumstances, may be very advantageous both to the State and the dispossessed proprietors. But in most cases, it is by facilitating the increase of the yield obtainable from a section of their lands that the proprietors can be induced to provide themselves with a new source of revenue by re-afforesting part of their land. Even a rapid journey through mountainous districts suffices to give convincing proof that the value of grazing lands may not only be doubled but increased five-fold and, thus, unproductive land may become very remunerative.

When it is demonstrated to the mountain dweller that he will be given the means of keeping a larger stock of cattle, better fed and yielding more per head, he will no longer obstinately continue to live in misery and offer pertinacious opposition to re-afforestation. He will come to understand that plantations of trees round fields shelter them from the drying and other destructive effects of the winds, and that the pastures thus sheltered are of more value, and are more fertile than those that are wind-swept. He will agree to have wooded fields as well as meadows and woods. For the renewal of pasturage injured by the trampling of sheep, it may be desirable to reduce the live stock. The State may insist on this by granting a temporary indemnity per head of cattle removed. It may also hire mountain grazing lands.

Nevertheless, it is not to be supposed that this change in the mind of the peasant can be rapid; neither to-day nor tomorrow will he of his own free will consent to such improvements even when financially assisted by the State, but such is the way with all improvements. Forty years ago, communes not isolated in the mountains, but at the very gates of industrial centres, refused for the building of their roads subsidies of from 30,000 to 40,000 francs, offered to them on the sole condition of borrowing 4,000

or 5,000 francs for thirty years from the road fund to be invested at an interest of 4 per cent with repayment at the end of thirty years. Fifteen years later, these same people who had refused the enormous benefits offered them, solicited much smaller sums to make a network of means of communication, at very heavy expense to themselves.

It will be with re-afforestation and with the cultivation of grass lands as with all other great enterprises for the benefit of the public. They will only be effected when the mountain farmer has recognised the truth that it is his interest to transform a part of his estates into forest lands, and his poor pastures into good meadows, and, thanks to irrigation, to make meadows and pastures on soil hitherto unproductive. To bring about these conditions is not beyond the intelligence and zeal of the staff of the Forestry Administration.

II. BIBLIOGRAPHY.

Publications of Recent Date Relating to Agricultural Economy in General.

- ABRIAL, R. : Le transport des primeurs sur le réseau P.-L.-M. (Thèse) (*Carriage of Early Produce on the P. L. M. System*) (Thesis) Auxerre, Pigelet Press, 1911. 8vo. 87 pp.
- DESCHAMPS, AUGUSTE : Les caractères fondamentaux de la Mutualité. (*Fundamental Character of the Mutual System*). Pamphlet 8vo. Paris. General Library of Law and Jurisprudence, 20. Rue Soufflot, 1911.
- CHASLUS, N. Pour que la terre vive ! Rapport sur l'émigration des paysans et les moyens de les attacher à la terre (*Let the Land Live ! Report on the Emigration of Peasants and the Means for attaching them to the Land*). Limoges, Librairie Ducourtieux et Gout. 1911 8vo. 24 pp.
- X. : La Compagnie forestière Sangha-Oubanghi. Ses origines, ses méthodes, ses résultats, ses aspirations (*The Sangha-Oubanghi Forestry Company. Its Beginnings, Methods, Results and Aspirations*). Paris Imprim. Chaix. 1911. 8vo, XII-138 pp.
- BOUZEREAU, P. : Concours d'exploitation rurales en 1911. Rapport fait au nom de la Commission chargée de la visite des propriétés. (*Show of Farms in 1911. Report of the Commission charged to visit the Farms*). Le Mans. Association ouvrière de l'Imprimerie Drouin, 1911. 8vo. 22 pp.
- MARTE, E. : L'outillage agricole dans l'Aveyron, en 1910 (*Agricultural Equipment in Aveyron in 1910*). Rodez. Carrère Press, 1911. 16°, 68 pp.
- MILLET, H. : Histoire agricole de la Sologne depuis 1850 (Thèse). (*Agricultural History of the Sologne since 1850.*) (Thesis) Paris, Librairie Giard and Brière, 1911. 8vo, 188 pp.
-

MISCELLANEOUS

REGENCY OF TUNIS.

CURRENT QUESTIONS.

French Agricultural Colonization in Tunis, Summarised from the most Recent Documents.

Sources :

Official or Parliamentary documents :

Rapports Annuels au Président de la République sur la situation de la Tunisie (*Annual Reports to the President of the Republic on the Situation in Tunis*).

Chambre des Députés : Rapports annuels faits au nom de la Commission du budget sur l'Algérie et la Tunisie [Spécialement : Rapport de M. Cochery (1909) et rapport de M. Auguste Bouge (1911)]. (*Chamber of Deputies: The Annual Reports made in the name of the Committee on the Budget on Algiers and Tunis [especially the Report of M. Cochery (1909) and the Report of M. Auguste Bonge (1911)]*).

Chambre des Députés : Rapport déposé le 6 avril 1911 par M. Joseph Chailley sur l'Emprunt Tunisien (*Chamber of Deputies: The Report of 6th april, 1911 by M. Chailley on the Tunis Loan*).

Régence de Tunis : Bulletin trimestriel de la Direction de l'Agriculture, du Commerce et de la Colonisation (*Regency of Tunis: The Quarterly Bulletin of the Management of Agriculture, Commerce and Colonization*).

Other Publications:

LOUIS ARNOULD : La Colonisation française en Tunisie (*French Colonization in Tunis*). *Le Correspondant*, 25th April and 10th May, 1911.

E. COANET : Les associations agricoles d'Algérie et Tunisie (Almanach des agriculteurs mutualistes du Nord de l'Afrique, 1910) (*The Agricultural Associations of Algiers and Tunis. [Almanac of the Mutual Agriculturists of North Africa]*).

E. FALLOT : La Colonisation Tunisienne; l'Education préparatoire des Colons (*The Colonisation of Tunis: Preparatory Education of Colonists*) *Revue des questions diplomatiques et coloniales*, 1st. March, 1905.

E. FALLOT : Le Peuplement Français de l'Afrique du Nord (*Colonisation of North Africa by the French*). Paris. Bibliothèque de la *Revue des questions diplomatiques et coloniales*.

- PAUL LÉROY-BEAULIEU: *L'Algérie et la Tunisie (Algiers and Tunis)*, 2nd Edition, 1 vol. Paris, Alcan, 1897.
- PAUL LÉROY-BEAULIEU: *De la Colonisation chez les peuples Modernes (Modern Colonisation)* 6th. Edition, 3 vols. 8vo. Paris, Alcan, 1908.
- HENRI LORIN: *Le Métayage par familles françaises en Tunisie (Métayage by French Families in Tunis)*. *Le Musée Social*. Memoirs and Documents, May, 1904.
- J. B. PIOLET: *La France hors de France (France outside France)* 1 vol. 8vo. Paris, Alcan, 1900.
- JULES SAURIN: *Le Peuplement Français en Tunisie (French Colonization of Tunis)* 1 vol. 12mo. Paris, Challamel, 1910.
- JULES SAURIN: *L'Œuvre française en Tunisie (French Work in Tunis)* Pamphlet. 12mo. Paris, Challamel, 1910.
- G. VALRAN: *Les Coopératives indigènes en Tunisie (The Native Co-operative Societies in Tunis)* *Le Musée Social* - Annals, October, 1911. p. 372.
- RÉNÉ WORMS: *Les Associations agricoles en Tunisie (Agricultural Associations in Tunis)*. *Bulletin des Séances de la Société Nationale d'Agriculture de France*, June, 1909.

The year 1911 has been marked by a fact, which, better than any other, confirms the interest taken by the French Government in the development of the Regency of Tunis: taking advantage of the opportunity which presented itself of opening a railway, the President of the Republic did not hesitate to leave the capital to visit Tunis. The daily press did not fail, as might be expected, to proclaim the great importance of this event and, more than ever, the attention of the French people was drawn to a country so near them.

The presidential journey was indeed only the crowning of an untiring propaganda and the culmination of a colonial policy followed out with a remarkable spirit of continuity for thirty years. To indicate the broad lines of this policy will be the best means of making the results appreciated.

§ 1. *The Beginnings of the Protectorate.*

While many years passed before an era of peace dawned for Algiers, Tunis submitted, in less than two short campaigns, to the French domination. The new Government, under the name of a Protectorate, first attended to organising the local administration, then it boldly started on public works. In a few years, it had constructed a net-work of roads and the railway-line which, previous to the French occupation united Tunis to the Algerian frontier, was enlarged by a net-work of narrow gauge lines. Thus the land was soon ready to allow of colonization taking root in the country.

The organisation of landed property in Tunis was favourable to this colonization. In Algeria, property is generally collective and it takes

much time to transform it peaceably into private property easily transferable to Europeans. In Tunis, on the contrary, property belongs to the individual or to the family, so that transactions between Europeans and natives can be effected in the ordinary ways.

By a bold reform, the first President-General, M. Cambon, introduced a land régime intended to facilitate and safeguard the purchase of land. The beylical decree of 1st. July, 1885, amended by the decrees of 15th. and 16th. March, 1892 and 24th. December, 1898, adapted the celebrated Australian law, known as the "Torrens Act," to local requirements. By registration in a Land Register with certain formalities and after an inquiry at the end of a fixed time, the ownership of the land is settled : no counter claim can be made, and by changing the entry in this same register, the property can again be transferred from one person to another : also mortgages or other actual rights can be created, annulled or transferred.

After several years of hesitation on the part of the Colonists, the legislation has become so successful that, according to M. Paul Leroy-Beaulieu, if the movement continue at the same rate as hitherto, in 1954 more than 5 millions of hectares will be registered : that is to say, half the area of the Regency.

§ 2. *The Government and the Colonists.*

The manner in which the public authorities have understood their relations with these purchasers deserves mention.

The first colonists who presented themselves, owners of large capital, formed large estates without any interference on the part of the State, and when, some years later, in 1890, the State thought it necessary to intervene, the official who was charged with the organisation in Tunis of a service of colonization, M. Paul Bourde, perfectly understood that the rôle of the public authorities should be rather that of encouraging individual initiative than of superseding it. He tried to make known in France, the resources of every kind that Tunis offers, so as to induce those interested to avail themselves thereof, at the same time not hiding from them any of the difficulties that would confront them. He formed an Inquiry Office to furnish future emigrants with all information likely to help them in their decision, to obtain for them reduced rates of travelling, from their home to the colony, and finally to facilitate installation, by further information given on their arrival in Tunis.

The Government did not stop there. To prevent the loss of time to immigrants before the purchase of an Arab estate could be concluded, it did not hesitate to appropriate the beylical domain for colonization,

and when the resources of this property were exhausted, others were procured by means of exchange and even purchase.

A decree of 1st. September, 1897 thus created special funds for colonization and for re-investment in real estate, having for its object the purchase of land for allotment. This fund received in 1900 an initial endowment of 1,500,000 francs, increased by 1 million in 1904, by 500,000 francs in 1905 and by 5 millions in 1907. These endowments have allowed of the purchase of large extents of land. Lands, duly surveyed, divided into lots, bounded and matriculated, are sold at any time and on the spot to every French buyer who may present himself in Tunis at the Estate Office and pay the price. The future colonist, the moment he lands, may go and visit the land for sale, and when he has made his choice, he has only to deposit the amount or the part payable in cash, and to sign the deed of sale to become definitely the owner. The only restrictions to his right of ownership are the obligation to build, to instal a French family, and to improve the land, within a year, and the interdiction during ten years, of re-selling to persons not approved of by the administration. Thanks to this very simple system, the future colonist loses neither time nor money in preliminary proceedings. M. Fallot, who was at the head of the Service of Commerce and Immigration in Tunis, quotes the following example which shows with what rapidity the administrative formalities can be completed: a visitor to the Universal Exhibition of 1900, by chance entering the room of Tunisian colonization, saw there a notice on lands for sale. Struck by the facility for enterprise, he that evening took the express for Marseilles and the next day crossed to Tunis; a week later he signed the deed which made him a landowner.

From 1892 to the end of 1908, the State gave, directly or indirectly, in the North of Tunis, 1,281 rural lots for colonization, covering a total area of 113,000 hectares. In the South, it sold 491 lots, of an area of 86,000 hectares, intended for olive plantations on certain conditions. So it established 1,772 families on 200,000 hectares.

Let us add that, to prevent the colonists being too isolated, the State reserves in the centre of the principal allotments a piece of ground, where, directly the want is felt, public buildings, that civilization requires, will be erected: a post office, school, church, police station etc. Near at hand are traced out and offered for sale urban lots, where merchants and manufacturers may establish themselves. In this way, the future is assured without useless expense; the centre will remain a hamlet or grow to a town without anything hindering the advancement that the free play of economic forces reserves for it.

Finally, once the colonist is settled, the Tunisian Administration places at his disposal its agricultural service, whose agents explain to him the methods which have given the best results on the oldest properties,

and the difference between the agricultural usages in France and those which seem most suitable in the colony. This officious zeal can never be indiscreet or tiresome, since it is only exercised in favour of those who ask for it, and within the limits of their requirements.

In short, the Tunisian colonist only receives from the State information which he is invited to examine and verify on the spot himself; he acquires the property he visits and chooses with his own money; he is in no sense a mere agent of State enterprise; he is a free man, acting on his own initiative, who attempts, at his own risk and peril, risky enterprises, because, after due study he believes he can carry them out to a successful end. If he has presumed too much on his strength, capacities or resources, he can only blame himself.

§ 3. *The Type of Tunisian Colonist.*

The results of this policy are easy to see. In appealing to personal energy and self-help, really picked men are attracted to the soil of the Regency. — “What strikes one, wrote M. Louis Arnould at the time of the presidential journey, is the remarkably high standard of the Colonists of Tunis. — All who have associated with them have been struck by their intelligence, their quick wit, their education, their exalted ideas, and we ourselves have very often had days and evenings of conversation with them which will remain among our memories as some of the pleasantest. These men, who have nearly all received a careful education, belong, for the most part, to the middle class and aristocracy: a certain number are retired officers, many young men of excellent family. All, having heard speak of this new France which was opening up at a distance of a few hours from the old, left with their capital or that of their relatives, to be something or somebody, better even than in their birthplace, or where their career might cause them embarrassment, giving themselves more trouble, no doubt, but more proudly keeping their complete independence and expanding their domineering need of enterprise. One is under the impression that a rare selection has been made in France; in rich circles, one is not far from thinking that these educated, determined, energetic men are amongst the best; that here is the flower of a race which is recovering its full vigour and splendour through being planted in Tunisian soil; and at the sight of these members of the French aristocracy or the army who have made themselves pioneers of African agriculture, one wonders whether, obeying perhaps an instinctive law of heredity, they renew the venerable tradition, re-uniting themselves by their kind of life to their ancestors, nobles and soldiers, who were the first to clear and plough the land of France.”

This view, on the whole, seems unassailable. It will, however, be as well to carefully distinguish between the three large kinds of French owners who meet in Tunis :

The Limited Company ;

The smaller association and the large individual proprietor ;

The small proprietor.

We shall now briefly study the results obtained by all of them.

§ 4. *The large Colonization Companies.*

The Limited Liability Company was the first to appear on the soil of Tunis. The Enfida estate was thus formed, the area of which is nearly 100,000 hectares. It had been given by Sadok Bey to his minister Kheir-eddine who, after his disgrace, sold it, in 1879 to the "Marseillaise Society of Industrial Credit and Deposit." It was later ceded to a new company formed with a view to exploitation: the "Franco-African agricultural and real estate company." However, it was only in 1881, after the entrance of the French troops into the country, that the buyers of Enfida were able to send their representative to establish himself there. At that time the estate was nothing more than an uncultivated desert, the whole of the nomad population of which had fled into Tripolitania. There were only two miserable villages inhabited by Berbers and a *bordj*, an Arab building in ruins, where the seat of the company was established. In time the emigrants came and began to cultivate the soil on the half share system. A vineyard of 300 hectares and an olive grove of 100 hectares were laid out. Around the old *bordj* restored, the company erected numerous buildings for the housing of its staff, cattle and crops. Its immense cellar can hold 20,000 hectolitres of wine. A whole village was built, called Enfidaville; it contains more than 700 Europeans, and has a chapel, school, post and telegraph offices and an hotel. Every week an important market is held in the large square.

The same company works, at a distance of 21 Kilometres from Tunis, the property of Sidi-Tabet, the area of which is 5,000 hectares. In 1881 it was an immense plain, chiefly uncultivated and covered with thickets of jujube trees. To-day 600 hectares are under grain, 300, meadows, 200, vineyard, 150, irrigated land; 1,250 hectares are reserved for pasture and fallow ground, and 2,500 are let or given in farms or on the half share system to the natives. In the middle of a eucalyptus wood numerous buildings have been raised for dwellinghouses, cellar, cow-house, sheep-pen, work-shops etc., a chapel, school, café and restaurant have been added. A stud, which was the origin of the first formation of the estate, has remained

one of its most important features. On this vast property there is a population of more than 75 Europeans and 2,000 natives.

§ 5. *The large Proprietors.*

An excellent example is furnished by Crétéville, 20 kilometers from Tunis, as to what can be done on a large private estate.

In the midst of a plain then almost entirely uncultivated, a retired cavalry officer, M. Maurice Crété, settled in 1885, on a property he had just bought. To begin clearings without delay he had to live in a tent, whilst waiting for a more comfortable shelter. Now Crétéville is a village, provided with a church, post, telegraph and telephone offices, police station and school, and a steam tram service which goes in one hour to Tunis.

§ 6. *Agricultural Probation.*

One of the most unquestionable advantages of large estates in Tunis, both those held by limited liability companies and those cleared by the efforts of one owner, was to allow the importation of the system of agricultural probation terms on the soil of the Regency.

Since 1898 there has existed a colonial school of Agriculture at Tunis, which tries to teach the kind of farming which the future colonists will require to practise later : grain, vine, olives, fruit trees, vegetables, also the breeding of various kinds of domestic animals. They teach, besides, colloquial Arabic, hydraulic agriculture, colonial hygiene, the economic geography of the colonies and colonization, rural law and Tunisian legislation etc. Finally the pupils are taught riding and smith's work and carpentry.

It is evident that besides the considerable interest which these various branches of study offer the young men called to live in Tunis, the mere fact that their studies are made in the same centre where later they will apply their knowledge, constitutes an excellent means of preparation for them.

In a way they become morally acclimatized and begin their experience of the men and things of the country. The management of the school tries all in its power to make this assimilation of Tunisian things easy to the pupils : the holidays are spent in visits to the nearest estates, and during the Easter holidays the pupils, under the care of a professor take a trip of ten days across the country on horseback, sleeping under tents.

However perfect may be its organisation, a school nevertheless does not fully represent real conditions. The question of the net cost of production of a crop which is the main point on the farm, there necessarily becomes secondary : not to exceed the funds placed at his disposal is the only financial preoccupation of the director and this gives a somewhat abnormal character to the otherwise excellent work and one which it is important not to imitate in current agricultural practice. It is then necessary that the future colonists, on leaving this scientific institution should be placed for some time amongst the ordinary conditions of practical agriculture, which later they will have to exercise and the more prosaic object of which is to realize profits.

The Department of Agriculture at Tunis was fully aware of this necessity. Not only does it grant scholarships to the most deserving pupils in its school, which allows them to serve an apprenticeship on a large farm, but it uses its influence with the proprietors to encourage them to receive these apprentices, and also with future colonists, whether or no they may have passed through the school at Tunis, by showing them the usefulness of preparing themselves by apprenticeship for the undertaking they contemplate and places them in correspondence with owners willing to receive them.

The apprentices are lodged and boarded at their own expense on the estate. They take part in work of all kinds, superintend the workmen and are gradually trained to all the thousand details of a farm, till they feel capable of imitating what they have seen done and of managing an estate in their turn. Numbers of young men hesitating and rightly so, to invest their capital in an enterprise for which they felt themselves insufficiently experienced, have decided to launch out, after acquiring enough agricultural knowledge as the result of such apprenticeship. Many who considered themselves beyond the age of sitting on a school bench have become apprentices without passing through any agricultural school. It would certainly have been better for them to possess some theoretical knowledge, but pressed for time, they have sacrificed the useful for the indispensable. So they work under the direction of experienced colonists, who, having themselves passed through all the difficulties at the beginning and having overcome them, are now more capable than any of giving advice and example, of showing the rocks to be avoided and of marching direct towards the end in view.

§ 7. *The Difficulties of large Estates.*

Large Tunisian estates thus serve an educational purpose of which one cannot speak too highly. They are subject however, to many drawbacks, or at least, serious difficulties. Since 1897, M. Jules Saurin, in the

Revue de Paris, drew up the following pessimistic balance sheet: "Take the list of the large estates in Tunis, and you will scarcely find a dozen that are prosperous." And yet, many amongst them have been managed by eminent practical men, zealous and conscientious; but, notwithstanding their efforts, the weight of general expenses, work badly done, the waste of raw materials, jeopardised the business entrusted to them. Nothing ever supplies the place of that feeling of affection with which a French peasant does his work and cares for his animals. The large vineyards which have survived all dangers have generally been managed by the owner himself, surrounded by his children or a special staff, devoting the greatest efforts to the supervision of his estate. Notwithstanding this, the upkeep of a hectare of vines still costs him from 500 to 600 francs, whereas a vineyard entrusted to a family of French cultivators demands at most thirty days of a man's work and thirty days of a woman's or child's." (1)

If one wishes to raise other crops than the vine, the grouping of farm premises on the same spot presents, in itself alone, still more serious drawbacks. As the author of the article we have just quoted shows, wheat and forage crops necessitate considerable work of transport from the farm to the fields and from the fields to the farm; a hectare of land requires 30,000 Kilogrammes of manure every three years, that is to say, 10,000 Kilogrammes a year. Soil thus manured gives 10,000 Kilogrammes a hectare of dry produce, hay, straw or wheat. Each hectare under cultivation then entails transportation of 20,000 Kilogrammes every year. If a field be at a short distance from the farm, a man will accomplish this work in four or five days. If, on the contrary, the field is at several Kilometres from the house, the same work takes from 15 to 25 days a year, that is to say, an expense of 40 to 70 francs a hectare, which absorbs all the profits of the crops.

These considerations, of which no one will contest the value, have been influential in determining a considerable development in small farms in Tunis. These small farms are either freehold or rented on the *métayer* system of half share.

§ 8. Small Estates.

We have seen how persevering have been the efforts of the Government for the spread of small farms. We must now examine the results of its action.

At the beginning, land was sold for cash only and this was an obstacle in the way of the peasants who rarely have large sums to dispose of. The

(1) *Revue de Paris*, 15th November, 1897, pp. 347-348: "Le peuplement Français de la Tunisie".

three oldest centres have existed since 1895 : Oum-Zid, near Mateur, comprised 400 hectares and 9 lots : Les Nassen, close to Tunis, 134 hectares and 4 lots ; Bordj-Touta, near Tebourba, 1,536 hectares divided into 26 lots. At Oum-Zid, four lots have been bought by one proprietor alone, two have been resold to Italians, two lots only now remain to the first buyers. At Nassen, one of the lots has passed successively through the hands of four different owners ; the second has been allotted between six small Sicilian Colonists, two lots still remain to the two original proprietors, who were two peasants. At Bordj-Touta, there remains only one of the original buyers, a smith in the neighbouring village of Tebourba ; all the others have left and two or three owners possess eight or ten lots.

In view of such a state of things, the Government has modified its course of action. In payment of the lands it sells, it now allows the price to be paid in as many annual instalments, as the buyer may desire, as long as these instalments are not more than ten. During the first four years, it asks for no interest ; for the fifth and sixth the rate of interest is only 2 % ; for the last four, it rises to 4 %. As will be seen, the results are most encouraging.

M. Jules Saurin, who has lately studied all the groups created under the régime of payment by instalments thus sums up his inquiry into three of them :

Le Goubellat, La Mornaghia and La Merdja of Souk-El-Khemis.

Le Goubellat, formed in 1899, consists of 4,000 hectares, re-divided into 70 lots ; it has recently been enlarged by 1,600 hectares, divided into 15 lots. Of 39 colonists whose origin is known, 19 are peasants, of whom 11 are Algerians, and 20 towns or middle class people. No speculator has been seen. The great majority of the first purchasers still occupy the soil and have increased its value. The towns-men colonists have given up their lots ; not one peasant has left. Nearly all have cleared their lands, which were covered with jujube trees, and the green spots of brushwood only form small islets scattered throughout the immense plain, now finally subjected to cultivation.

La Mornaghia, allotted in 1900, (4,000 hectares, 92 lots) is situated at 40 Kilometres from Tunis. Of 37 colonists noticed, 27 are peasants, of whom 14 are Algerians, 7 are towns-men and 3 speculators : no lot has been re-sold, except two, on account of death. All the lands have increased in value, fifty houses have been erected and a large majority of the colonists are prosperous.

Le Merdja de Souk-el-Khemis, 105 Kilometres from Tunis, on the railway, comprises about 3,500 hectares, divided into 31 lots sold in 1901. Of 27 colonists noted, 9 are peasants, of whom 4 are Algerians, 10 towns-men and 8 speculators. Here, the proportion of speculators is much higher than in the other groups ; several of them, seven years after taking possess-

ion, have not yet raised any buildings. The lands generally have increased in value, but the number of colonists is far less than on the other lots.

M. Saurin sees two great truths brought into light by this inquiry : the complete success of peasants having some means to dispose of and endowed with ordinary personal qualities and the extreme fickleness of the bourgeois or townsmen, who do not settle down so easily on the soil.

It is seldom that peasants fail; a few, indeed, disposing of insignificant sums, had bought their lots prematurely. The greater part of these have had immense material difficulties, but nearly all have surmounted the obstacles and are now successful. One of the Algerians had not even the wherewithal to pay the first instalment on his lot, he has to-day raised its value and the harvest brings him in every year 4 to 5,000 francs in cereals ; at La Mornaghia, at Goubellat, at La Merdja, not a single peasant has sold his lot.

The lots bought by the burghers or towns-men on the contrary show continual changes. Some lots have passed through the hands of five owners in a period of eight years. At Bordj-Touta not one of the original buyers is left, who were all townsmen. At El Arich, and Cap Bon, the lots acquired by the young pupils of the colonial school have nearly all passed into the hands of new proprietors. The proportion of these who sell their lots is considerable ; they may be reckoned at 60 to 70 %, while among the peasants, they only reach 3 %.

§ 9. *Workmen and Métayers.*

The peasants, as we have seen, are people who already possess means ; is there room in Tunis for a man who has no other fortune than his arms ?

In regard to this, it is important to make a distinction.

Without exception the isolated agricultural workman cannot find remunerative employment in Tunis, on account of the cheapness of manual labour, but it is the opposite with the father of a family, 35 or 40 years of age, who may have three children old enough to work. If an agricultural labourer is given a house of two or three rooms, a garden, the right to raise chickens and a pig, he is satisfied with 2,000 to 2,200 francs a year, out of which he can save from 7 to 800 frs. Now, it is to the interest of the Tunisian proprietors to employ salaried French workmen under these conditions, as M. Saurin has well shown : a family consisting of four persons who work on 2,000 to 2,200 francs a year, has a salary of an average of 500 francs per person, for 300 days' work, that is to say, fr. 1.60 to fr. 1.65 a day. Two workmen at least in a family are capable of pruning vines. Now, a pruner is paid 4 to 5 francs a day, and an owner who has 30 hectares of vines requires two pruners for two or three months. Here is a sum of

6 to 800 francs that he saves the proprietor, and the ordinary day's work of the members of a family does not cost him more than 1 franc a day, whereas he pays the Fezzanais fr.1.25 to fr. 1.50. The proprietor soon reimburses the interest and supplementary capital that he has to spend for the construction of the French family's house (2 to 3,000 francs a house).

The result is still better when the family of salaried labourers is transformed into a family of *métayers*; which the "*Society of the French farms of Tunis*," does, with well merited success.

This society founded by the indefatigable M. Saurin, makes a contract with the French peasants called a contract of "Master Valet" (*maître-valet*). The "Master Valet" must be married; his salary is fixed, and varies from 90 to 130 francs a month; he is lodged, has the right to the produce of a garden 1,000 metres square, a poultry yard, a pig and the milk of two Arab cows; his children are paid according to their age and work; he may receive gratuities if the crops are good and his employers are satisfied with his services. He engages to work personally under the immediate orders of the director of the farm and to follow all the orders the latter gives him in regard to agricultural work; he has to give security of 400 francs, for which he is paid 5 % and which can be deducted by instalments from his salary, if he has not got it on entering.

Almost from the beginning, the "master valet" makes some savings; if he has two or three children old enough to help him in the simple work of keeping in order, he succeeds in earning in wages 2,000 francs a year, and living on the produce of the farm, he can put about 1,000 francs aside. At the end of a few years, he has saved sufficient to become a *métayer*, with every chance of success, since he has acquired the capital and experience that makes him valuable.

The fundamental clauses in the *métayer* contract are simple enough; "the Company furnishes the land, buildings, animals for work and stock; the threshing machines for cereals, the *métayer* supplies the small agricultural implements, (such as cart, reaping machine) and all necessary work" the division of the produce is by halves, except what comes from the garden, poultry yard and milking cow, which belong to the *métayer* himself, for the feeding of his family and servants: a minimum of the produce, varying from 1,000 to 2,000 francs a year, according to the extent of land entrusted to him is guaranteed to the *métayer*.

The following is the balance-sheet of a farm thus managed:

A farm of 50 hectares, of which 10 are under vines, requires a capital of 32,000 francs, and brings in roughly 10,000 francs. The net cost is thus divided: purchase of land 7,500 francs; buildings 5,000 francs; stock 3,000 francs; sundries 4,500 francs. The first expense in planting a vineyard is 1,200 francs per hectare. The income comes from the produce

of the vines (600 hectolitres of wine sold at 12 francs = 7,200 francs), and from 40 hectares under cereal and forage crops, which brings in roughly 50 to 150 francs a hectare, according to the year and region.

Thus, as a general rule, in a well managed farm, with a capital of 32,000 francs one makes a profit roughly speaking of 10,000 francs. This remunerates both the cultivator who tills the soil and the capitalist who furnishes the necessary funds. Allowing for the division of the gross produce between these two, according to the contract of *métayage*, there still remains 5,000 francs each for the peasant and capitalist.

This is an excellent business for the peasant. As there is no dead season in Tunis, one team can well sow 30 hectares to cereals and grass and plough 10 hectares of vines. The peasant finds all round him cheap supplementary manual labour (as we have already said, the Arab is paid fr. 1.25 to fr. 1.50, without food); he has besides a threshing machine. Under these conditions, even without children old enough to work, he scarcely pays 5 to 600 francs worth of supplementary days and can always put aside 1,000 to 2,000 francs a year if he is economical and works hard. With these savings, he quickly buys himself a farm in a country where land costs from 150 to 200 francs a hectare.

The business is also good for the capitalist, since he makes 12 to 15 % on invested capital. It is true that if he does not manage the farm himself, he must deduct a part of the yield to pay the expenses of management or supervision, but there remains to him 5 to 8 %, without counting the increased value of his lands.

Three conclusions may be drawn from the experience of the "*Society of French Farms in Tunis* :—

1). *Every peasant who goes to Africa remains there.* — Of 65 heads of families employed by the Society in different ways, only four have returned to France, two after having made a small fortune rapidly and the other two for reasons of health. All those who were endowed with ordinary intelligence quickly recognized that the country offered them and their children a greater future than did France. A first check did not discourage them. They began a new career either under other proprietors, or on a lot payable by small instalments.

2). *All French peasants who go to Africa become landed proprietors.* — 25 of the old *métayers* of the "*Société des fermes françaises de Tunisie*" are to-day proprietors of farms of 50 to 300 hectares. All those who still occupy their *métairie* are all making the necessary money to become proprietors in their turn. Eight to ten only of the 65 noted will never become owners.

3). *Every French peasant who goes to Africa calls over one or two compatriots.* — Out of some hundred facts, in support of the assertion, here are two carefully observed by M. Saurin: One of the first *métayers* of the "*So-*

ciété des fermes françaises," an old soldier at Tunis, sent for his five brothers and two brothers-in-law who in their turn brought two of their relations. A métayer of Saint-Pourçain, in Allier, sent for his two brothers and a cousin. Three years later, one of them attracted two of his relations. In this manner are formed hundreds of small currents of emigration which, like small streams that feed rivers, end by giving birth to a regular influx of emigrants.

Such results are appreciated, as they deserve, as much by the Government of the Regency as by private initiative. A beylical decree of 12th July, 1910, modifying a preceding decree of 16th December, 1903, relative to the sale of public lands for colonization, provides especially favourable conditions "for the overseers, métayers and rural workmen established in Tunis for more than five years." (1) On the other hand, Enfida has laid out in the north of its concession four lots of farms, of 50 hectares each, sold at 150 Frs. the hectare, a quarter payable in cash, the remainder in ten annuities; the buyers have the faculty of renting in the neighbourhood on the métayer system, 2 to 300 hectares of cleared land, on the one condition that they do spring work on it; during five years they hand over to the society 20 % of their crops, 30 % during the following five years, then 40 %, which can never be exceeded. Straw and the increase of stock are left entirely to them.

§ 10. *Economic Works.*

Such conditions are favourable to a beneficent current of co-operation and solidarity between the capitalist and the farmer. Moreover this exists already, growing ever stronger and stronger, amongst the Tunisian colonists.

After the unfortunate attempt of the "Agricultural Syndicate of North Tunis," a Chamber of Commerce was first formed at the time when M. Cambon was President-General, which became a little later, the Chamber of Agriculture as well. At the same time the Regency came under the influence of the mutualist movement thanks to the efforts of an old colonist of Sidi-Atman, between Mateur and Tebourba, an ex-officer, M. Marc de Bouvier. A firm partizan of Agricultural credit, the working of which he had studied in Germany, he made a very forcible report to the Association of the Colonists of Tebourba, which won their approval.

The Chamber of Agriculture took the question in hand and asked the Government to introduce the French laws of 1894 and 1899 on agricul-

(1) The complete text of the decree is to be found in the "Journal Officiel Tunisien" 10th August, 1910.

tural credit into Tunis: it was at once granted (the decree of 2nd May, 1905). They did better still. Imitating France and Algeria, Tunis succeeded in getting the Bank of Algeria to place at its disposal, for purposes of mutual agricultural credit and without interest, the sum of one million francs to be repaid by Tunis in 1912 or 1920. The State undertook to advance four times the working capital of the Provincial Bank.

The Colonists immediately founded the "*Provincial Bank of Mutual Agricultural Credit of North Tunis*." The capital subscribed by them and deposited in full is 50,000 francs. The State quadruples this sum and with the money of the Bank of Algeria makes advances of 200,000 francs, and by depositing this sum with the Algerian Company, this bank has opened at the Provincial Bank a line of credit for four times this amount, that is to say, for 800,000 francs. Such is the working capital available for the 4,000 French agriculturists in Tunis, colonists or agricultural workmen.

The colonists who did not agree amongst themselves the previous years, hastened to join. There are now affiliated to the Provincial Bank 15 local banks, with 519 members. During 1908, the Provincial Banks discounted or renewed 1,192 bills amounting to 1,346,000 francs, each with an average of 100 to 2,000 francs. With one single exception, these banks have not suffered losses.

Not only proprietors, but farmers, managers, workmen, have access to these agricultural banks. The Natives are admitted, but show great repugnance to any idea of association, and respect to the letter the precept of the Koran which does not allow a good mussulman to lend money: it is very difficult too to get satisfactory guarantees from them. All the same, the colonists hope little by little to convert them to these advantageous loans.

The same current of solidarity led to the formation of the "*Agricultural Association*."

Remote, as they are, from the towns, particularly from Tunis, some at a distance of 150 Kilometres, the colonists of the North were entirely in the hands of their tradesmen and buyers for their supplies or sales, or else they were compelled to take an expensive journey. There was not even a market price published for cereals.

Thanks to MM. de Carnières, and de Bouvier and an old cavalry officer, the Count Edouard de Warren, who is the president, the "*Association agricole de la Tunisie*" was founded in 1907, without capital, but full of activity.

From July of the same year a beylical decree authorised the formation of agricultural co-operative societies, and commercial societies, as corporate bodies, receiving from the State advances to the amount of double their paid-up capital.

In the following April, after large Mutual Aid meetings at Béja and Tunis, the "*Agricultural Association*" responded to the spirit of the decree and organised co-operation by the help of shares of 20 francs, for which bearers assume liability to the extent of 15 times their value.

"*L'Association Agricole*" now comprises nearly the whole of the French colonists. A commercial committee centralizes their demands for purchase of manure, sulphur, string, food for cattle etc., and their offers for sale of cattle, cereals, wine, grain, etc. A *Section d'études* meets once a month in the building of the Chamber of Agriculture to unite and discuss ideas and experiences on agricultural matters and mutuality. The adherents meet once a year, in March, and, according to the happy expression of M. Louis Arnould, are the "*Etats généraux*" of the French Colonization in Tunis.

The Association, which doubles the amount of its business every year, did 600,000 francs worth of business in 1909. In facilitating purchases alone, it has accomplished an agricultural reform of the first order. It has been able to furnish chemical manure at a lower price than in France (6 francs a thousand Kilogrammes), and also in excellent condition for analysis: also it has increased tenfold and even more the consumption of superphosphates: it is the association that has made it common, and thus helped in showing that chemical manure is quite suitable to the soil of North Africa, which was doubted.

The opening last April, of the railway which unites Sousse to Sfax had the immediate result of bringing the beneficial Tunisian current of solidarity and co-operation down to the South of the Regency. The motor service no longer required between Sousse and Sfax, was at once transferred to the Sfax-Gabès line, bringing into the commercial orbit of the new country the fine oasis that the road to Djerid opens up. Without further delay the colonists of Gabès made arrangements with the native owners: they showed them the resources of their country, traced the perspectives opened up by the railway, explained the usefulness of the association. The work has proved fruitful, since it has just ended in the formation of the "*Native Society of Horticulture*."

This new co-operative society has a double object in view: to buy together manure, especially for the encouragement of the cultivation of tobacco, and to sell together the first produce obtained by the associated proprietors. As in the "*Caisse régionale de crédit agricole mutuel*," the French and native element are in juxtaposition, one composed of competent officials and the other of natives named by the Caïd.

The contribution is extremely small, for care was taken not to forget that moslem populations, especially in the country have little money, being habituated by usage and the traditions of the Koran rather to discharge their obligations in kind.

§ II. *The Advisory Board.*

The Government of the Regency very soon understood the importance of securing the collaboration of the chief men settled on Tunisian soil. In 1890, it formed a "*Conférence Consultative*" (Advisory Board) for this purpose, modified in 1896, 1905 and 1910, and at present composed of 39 members; 13 members elected by the agriculturists, 13 by the merchants and 13 natives nominated by the President-General. The "*Conférence Consultative*" meets every year in November, under the presidency of the President-General, with the General Secretary and the five directors of the French administration, to examine the budget. There is no more eloquent example of collaboration between public powers and private initiative for the well-being of a country.

INTERNATIONAL INSTITUTE OF AGRICULTURE

BULLETIN OF THE BUREAU OF ECONOMIC AND SOCIAL IN- TELLIGENCE

▲ ▲ ▲ ▲ ▲ ▲

16th VOLUME  

IIIrd YEAR - NUMBER 2

  FEBRUARY 1912



ROME, 1912 — PRINTED AT THE INSTITUTE'S PRINTING OFFICE

STAFF OF THE BUREAU

Chief of the Bureau

Prof. GIOVANNI LORENZONI, LL. D.

Chief of Section

K. A. WIETH-KNUDSEN, D. Pol. Sc.

Redacteurs:

- | | |
|--------------------------------|----------------------------------|
| 1. T. BALASANO Y LOPEZ, LL. D. | 7. P. MENGARINI, LL. D. |
| 2. M. BEAUFRETON, LL. D. | 8. J. K. MONTGOMERY, B.A., B.Sc. |
| 3. G. COSTANZO, LL. D. | 9. L. PAULUCCI, LL. D. |
| 4. L. DE NOBILI, LL. D. | 10. G. PILATI, LL. D. |
| 5. B. GRIZIOTTI, LL. D. | 11. O. PIRES, Agric. Eng. |
| 6. A. MAC LEAN, Ph. D. | 12. L. REDAELLI, LL. D. |
| 13. G. ROCCA, LL. D. | |

The English translation has been made by Mrs BYRNE, and
W. P. WATERMEYER, B. A.

THE INTERNATIONAL INSTITUTE OF AGRICULTURE

The International Institute of Agriculture was established under the International Treaty of June 7th, 1905, which was ratified by 40 Governments. Ten other Governments have since adhered to the Institute.

It is a Government Institution in which each Country is represented by delegates. The Institute is composed of a General Assembly and a Permanent Committee.

The Institute, confining its operations within an international sphere, shall:

a) Collect, study, and publish as promptly as possible statistical, technical, or economic information concerning farming, vegetable and animal products, the commerce in agricultural products, and the prices prevailing in the various markets;

b) Communicate to parties interested, also as promptly as possible, the above information;

c) Indicate the wages paid for farm work;

d) Make known the new diseases of plants which may appear in any part of the world, showing the territories infected, the progress of the diseases, and, if possible, the remedies which are effective;

e) Study questions concerning agricultural co-operation, insurance, and credit in all their aspects; collect and publish information which might be useful in the various countries for the organisation of works connected with agricultural co-operation, insurance and credit;

f) Submit to the approval of the Governments, if there is occasion for it, measures for the protection of the common interests of farmers and for the improvement of their conditions, after having utilized all the necessary sources of information, such as the wishes expressed by international or other agricultural congresses or by congresses of sciences applied to agriculture, or agricultural societies, academies, learned bodies, etc.

The Institute publishes: a) a Bulletin of Agricultural Statistics; b) a Bulletin of Agricultural Intelligence and Diseases of

Plants; *c*) a Bulletin of Economic and Social Intelligence; *d*) a Bulletin Bibliographique hebdomadaire (published every Saturday).

It has also published a volume on "The Organization of Agricultural Statistical Services in the Several Countries", and a volume on "Statistics of Cultivated Areas and of Vegetable and Animal Production in the Adhering Countries" (an Inventory drawn up from documents published by Governments), and "Monographs on Agricultural Association in Various Countries (2. Vol)".

Officers of the Institute

and List of the Delegates to the Permanent Committee.

President: Marquis RAFFAELE CAPPELLI, *Delegate of Italy.*

Vice-President: M. LOUIS-DOP, *Delegate of France.*

General Secretary: Prof. GIOVANNI LORENZONI.

Delegates of the adhering States to the Permanent Committee.

| | States adhering to the Institute | Groups in which adhering States are classified | Names and Rank of the Delegates |
|----|-------------------------------------|---|--|
| 1 | Germany . . . | I | Dr. T. MUELLER, Privy Councillor. |
| 2 | Argentine Republic | I | His Excell. E. PORTELA, Minister plenipoten- tiary of the Argentine Republic to H. M. the King of Italy. |
| 3 | Austria | I | Chev. V. DE POZZI, Government Councillor. |
| 4 | Hungary | I | E. DE MIKLÓS DE MIKLÓSVAR, Secretary of State for Agriculture, Member of the House of Magnates. |
| 5 | Belgium | IV | O. BOLLE. |
| 6 | Brazil | I | ANTONINO FIALHO, Ex-Deputy; Ex-President of the National Agricultural Society. |
| 7 | Bulgaria | III | D. RIZOFF, Minister plenipotentary of Bulgaria to H. M. the King of Italy. |
| 8 | Chile | I | S. ALDUNATE BASCUÑAN, Minister plenipoten- tiary of Chile to H. M. the King of Italy. |
| 9 | China | I | TCHIAO-HI-TCHOU, Secretary of the Chinese Legation to the Italian Government. |
| 10 | Costa-Rica . . . | V | R. MONTEALEGRE, Minister plenipotentary of Costa-Rica to H. M. the King of Italy. |
| 11 | Cuba | V | C. M. DE CESPEDES Y QUESADA, Minister plenipo- tentary of Cuba to H. M. the King of Italy. |

| | States adhering to the Institute | Groups in which the adhering States are classified | Names and Rank of the Delegates |
|----|-------------------------------------|--|---|
| 12 | Denmark | IV | H. H. KONOW, Secretary to the Danish Legation to the Italian Government. |
| 13 | Ottoman Empire | I | Dr. MEHMED DJÉMIL BEY. |
| 14 | Egypt | II | B. CHIMIRRI, Delegate of Eritrea and Italian Somaliland. |
| 15 | Ecuador | V | A. NORERO, Minister plenipotentiary of Ecuador to H. M. the King of Italy. |
| 16 | Spain. | I | ENRIQUE RODRIGUEZ DE CELIS, Agricultural Engineer. |
| 17 | United States . . | I | DAVID LUBIN. |
| 18 | Ethiopia | V | Prof. G. CUBONI, Director of the Station of Plant Pathology of Rome. |
| 19 | France | I | LOUIS-DOP, Vice-President of the Institute. |
| 20 | Algeria | V | LOUIS-DOP, Delegate of France. |
| 21 | Tunis | V | LOUIS-DOP, Delegate of France. |
| 22 | Great Britain and Ireland | I | H. G. DERING, Counsellor to the British Embassy to the Italian Government. |
| 23 | Australia . . . | IV | H. G. DERING, Delegate of Great Britain and Ireland. |
| 24 | Canada | II | H. G. DERING, Delegate of Great Britain and Ireland. |
| 25 | British India . | II | H. G. DERING, Delegate of Great Britain and Ireland. |
| 26 | New Zealand . | IV | H. G. DERING, Delegate of Great Britain and Ireland. |
| 27 | Mauritius . . | V | H. G. DERING, Delegate of Great Britain and Ireland. |
| 28 | Union of South Africa | IV | |
| 29 | Greece | IV | B. INTRIGILA, Consul General of Greece at Rome. |
| 30 | Italy | I | Marquis R. CAPPELLI, Vice-President of the Chamber of Deputies, President of the Institute. |
| 31 | Eritrea and Ital- ian Somaliland | IV | B. CHIMIRRI, Member of Parliament. |

| | States adhering to the Institute | Groups in which the adhering States are classified | Names and Rank of the Delegates |
|----|-------------------------------------|--|--|
| 32 | Japan | I | NAOTOSHI MARUMO, First Secretary to the Imperial Japanese Embassy to the Italian Government. |
| 33 | Luxemburg . . . | V | O. BOLLE, Delegate of Belgium. |
| 34 | Mexico | II | G. A. ESTEVA, Minister plenipotentiary of Mexico to H. M. the King of Italy. |
| 35 | Montenegro . . . | V | G. VOLPI, Director General of the Monopolies of the Kingdom. |
| 36 | Nicaragua | V | V. E. BIANCHI, Consul General of Nicaragua at Rome. |
| 37 | Norway | IV | Dr. G. FJELSTAD, Agricultural proprietor. |
| 38 | Paraguay | V | Prof. ORAZIO COMES, Principal of the Higher School of Agriculture, Portici, (Italy). |
| 39 | Holland | IV | H. DE WEEDE, Minister plenipotentiary of Holland to H. M. the King of Italy. |
| 40 | Peru | V | Dr. M. M. MESONES. |
| 41 | Persia | IV | A. DEL GALLO, Marquis of ROCCAGIOVINE. |
| 42 | Portugal | IV | LUIZ FILIPPE DE CASTRO, Professor of the Agronomic Institute at Lisbon. |
| 43 | Roumania | I | |
| 44 | Russia | I | His Excell. G. ZABIELLO, Counsellor of State, Consul General of Russia at Rome. |
| 45 | Salvador | V | A. BALLO, Acting Consul General of Salvador at Genoa. |
| 46 | San Marino . . . | V | His Excell. L. LUZZATTI, Minister of State of the Kingdom of Italy. |
| 47 | Servia | III | Comm. Adv. C. SCOTTI, Consul General of Servia. |
| 48 | Sweden | IV | Baron C. N. D. DE BILDT, Minister plenipotentiary of Sweden to H. M. the King of Italy. |
| 49 | Switzerland . . . | IV | J. B. PRODA, Minister plenipotentiary of Switzerland to H. M. the King of Italy. |
| 50 | Uruguay | V | REQUEÑA BERMUDEZ, Chargé d'affaires of Uruguay to the Italian Government. |

CONTENTS.

PART I.

CO-OPERATION AND ASSOCIATION.

Germany :

I. — CURRENT QUESTIONS.

| | | |
|--|------|----|
| The Development of the Rural Banks Affiliated to the Raiffeisen Federation | Page | 3 |
| § 1. Number of Associated Co-operative Societies | | 4 |
| § 2. Total Business Done | | 7 |
| § 3. Savings Deposits | | 9 |
| § 4. Loans | | 13 |
| § 5. Current Accounts | | 16 |
| § 6. Business Done with the Central Bank | | 19 |
| § 7. Purchase of Merchandise | | 22 |
| § 8. Profits and Losses | | 23 |
| § 9. General View of the Balance Sheets | | 24 |

II. — RECENT NEWS.

| | |
|--|----|
| Work of the Federations and Central Institutions of the Co-operative Societies | 27 |
|--|----|

| | |
|--|----|
| I. — <i>Agricultural Co-operation</i> | 27 |
| 1. The Federation of the Agricultural Co-operative Societies of Hanover | 27 |
| 2. The Provincial Federation of the Silesian Agricultural Co-operative Societies | 29 |
| II. — <i>Non-Agricultural Co-operation</i> | 29 |
| Yearbook of the General Federation of Schulze-Delitzsch Co-operative Societies | 29 |
| 2. Miscellaneous Information | 31 |
| Co-operative Societies for Motor Transport | 31 |

Bulgaria :

CURRENT QUESTIONS.

| | |
|--|----------------|
| The Central Co-operative Bank of Bulgaria | <i>Page</i> 35 |
| § 1. Functions of the Bank | 35 |
| § 2. Organisation of the Bank | 37 |
| § 3. Action of the Bank | 38 |
| Law on the Central Co-operative Bank of Bulgaria | 39 |

Spain :

CURRENT QUESTIONS.

| | |
|--|----------------|
| Agricultural Organisation in Spain | <i>Page</i> 49 |
| § 1. Agricultural Credit | 51 |
| § 2. Agricultural Insurance | 59 |
| § 3. Co-operative Societies for Production | 60 |
| § 4. Agricultural Syndicates. Their Action. Their Development. | 61 |
| § 5. Association Generally | 64 |

France :

I. — COMMUNICATIONS FROM THE GOVERNMENT.

II. — CURRENT QUESTIONS.

| | | |
|---|------|----|
| The 16th Congress of Popular Credit | Page | 68 |
| § 1. The Importance of the Limoges Congress | | 68 |
| § 2. Popular Banks and Similar Associations | | 69 |
| § 3. Visit of the Congress to some Social Institutions | | 70 |
| § 4. Problems Connected with the Organisation of Popular Credit | | 72 |
| § 5. Itinerant Social Thrift Lecturerships | | 75 |

Italy:

I. — CURRENT QUESTIONS.

| | | |
|--|------|----|
| Agricultural Purchase Societies in Italy and the Work of the "Federazione dei Consorzi Agrari" | Page | 77 |
| Introduction | | 77 |
| § 1. The Work of the "Federazione italiana dei Consorzi Agrari" | | 79 |
| § 2. General Results of the Enquiry into the Italian Agricultural Purchase Societies | | 84 |

II. BIBLIOGRAPHY.

| | |
|--|----|
| Publications of Recent Date relating to Co-operation and Association | 88 |
|--|----|

PART II.

INSURANCE.

Germany:

CURRENT QUESTIONS.

| | | |
|---|------|----|
| Social Insurance in Germany and the German Farmer | Page | 93 |
|---|------|----|

PART III.

| | | |
|--|------|----|
| The Provisions of the New Code concerning Rural Labour and their Importance for Agriculture in Germany | Page | 93 |
| § 13. Provisions relating to Insurance against Sickness | | 94 |

| | |
|---|-----|
| § 14. Provisions concerning Accident Insurance | 103 |
| § 15. Insurance Against Invalidity and in Favour of Heirs . . . | 112 |
| § 16. Conclusion | 122 |

France :

I. — CURRENT QUESTIONS.

| | |
|---|-----|
| The Application of the Law of April 5th 1910, on Workmen's and Peasants' Pensions | 127 |
|---|-----|

II. — BIBLIOGRAPHY.

| | |
|--|-----|
| Publications of Recent Date relating to Agricultural Insurance | 138 |
|--|-----|

Great Britain and Ireland:

RECENT NEWS.

| | |
|---|-----|
| Old Age Pensions in 1910-1911 | 139 |
|---|-----|

PART III.

CREDIT.

France :

I. — CURRENT QUESTIONS.

| | |
|---|-----|
| The Bank of France and Agricultural Credit in the Period 1900-1909. <i>Page</i> | 145 |
| § 1. The Indirect Action of the Bank of France with regard to Agricultural Credit | 146 |
| § 2. Agricultural Credit Business Transacted Directly by the Bank of France | 147 |

II. — RECENT NEWS.

| | |
|---|-----|
| 1. Market Price of Unbuilt on Property in France | 151 |
| 2. Fluctuation in Value of the Bonds of the Land Credit Institute . . . | 151 |

Hungary :

CURRENT QUESTIONS.

| | |
|--|----------|
| National Confederation of Land Credit Institutes in Hungary | Page 153 |
| Law of 27th July, 1911, on the National Federation of Land Credit Institutes | 156 |

PART IV.

MISCELLANEOUS.

(Facts and Problems of General Agricultural Economic Interest).

France :

CURRENT QUESTIONS.

| | |
|---|----------|
| Immigration and Employment of Polish Farm Labourers in France. | Page 167 |
| § 1. Historical | 167 |
| § 2. The Societies, Agencies and Recruiters | Page 171 |
| § 3. The Contracts | 173 |
| § 4. Recruiting and Hiring of Labourers in Galicia | 181 |
| § 5. Commissions and Travelling Expenses Deducted by the Agencies | 183 |
| § 6. Concentration and Distribution of the Polish Labourers in France | 186 |
| § 7. Results of the Trial of Polish Immigration | 1 |
| § 8. Proceedings of the Agencies | 189 |
| § 9. How to put this Immigration on a better Basis | 190 |
| § 10. Conclusion | 193 |

Italy :

I. — CURRENT QUESTIONS.

| | |
|--|-----|
| Some Demographic and Economic Information on Italy in the Last Fifty Years | 195 |
| § 1. Population, Emigration and Professions. | 195 |
| § 2. Agricultural Production | 197 |
| § 3. Mineral Produce | 199 |
| § 4. Manufactures | 200 |
| § 5. Savings | 202 |
| § 6. Means of Communication and Post and Telegraph Services | 203 |

II. — BIBLIOGRAPHY.

| | |
|--|-----|
| Publications of Recent Date relating to Agricultural Economy in General. | 204 |
|--|-----|

Sweden :

I. — CURRENT QUESTIONS.

| | |
|---|----------|
| The Conditions of the Agricultural Workmen | Page 207 |
| § 1. Farmers and Agricultural Labourers | 208 |
| § 2. " Backstugusittare " and " Inhysseshjon " | 212 |
| § 3. Base Tenants | 214 |
| § 4. Base Tenants on Wage (Stattorpare) and Agricultural Labourers on Mixed Wages (Statare) | 219 |

II. — BIBLIOGRAPHY.

| | |
|--|-----|
| Publications of Recent Date relating to Agricultural Economy in General. | 223 |
|--|-----|

PART I.

CO-OPERATION AND ASSOCIATION.

CO-OPERATION AND ASSOCIATION

GERMANY.

I. — CURRENT QUESTIONS.

The Development of the Rural Banks Affiliated to the Raiffeisen Federation.

Sources :

Landwirtschaftliches Genossenschaftsblatt. Hauptblatt der Raiffeisen Organisation (Agricultural Journal of the Co-operative Societies. Principal Organ of the Raiffeisen Organisation). Neuwied. 35th. Year, nos. 14, 17, 18, 19.

The Raiffeisen organisation, the largest German Central Federation of Co-operative Societies, subject to an absolutely uniform regulation, has recently published ample statistics on the action of the agricultural credit co-operative societies affiliated to it, exceeding four thousand in number. These statistics, which are brought up to the end of 1909, contain most interesting details on the work of these co-operative societies.

We abstract the following data :

§ 1. *Number of Associated Co-operative Societies.*

The number of co-operative credit societies affiliated to the Raiffeisen Organization at the end of 1909 was 4,399, distributed as follows in the various regions :

| Region — | Headquarters of Federation — | Number of the Co-operative Societies at the end of 1909 — |
|----------------------------|------------------------------------|---|
| Brandenburg | Berlin | 472 |
| Brunswick | Brunswick | 153 |
| Silesia | Breslau | 460 |
| West Prussia | Dantzig | 264 |
| Thuringia and Saxony . . | Erfurt | 438 |
| Hesse-Nassau | Frankfort-on-Main . . | 180 |
| Ex-Electorate of Hesse . . | Cassel | 382 |
| Rhenish Provinces | Coblentz | 395 |
| East Prussia | Königsberg | 299 |
| Palatinate of the Rhine . | | |
| | Ludwigshafen a/R. . . | 250 |
| Baden, Württemberg . . . | | |
| Bavaria | Nürnberg | 467 |
| Posen (Province) | Posen | 188 |
| Alsace-Lorraine | Strassburg | 451 |
| Total | | 4,399 |

whilst in 1908 there were . . . 4,340

The co-operative credit societies which had to furnish statistical information were 4,211. 4,154 of them supplied it, that is 99 % as against 97.3 % in 1908. Among the societies which furnished no information, 18 were only founded in 1909, 7 have been dissolved and 5 have withdrawn from the Federation or have been expelled.

The following table shows the date of foundation of the societies included in the statistical return :

Date of Foundation.

| Federations at | Before 1870 | Between 1871 and 1880 | Between 1881 and 1890 | Between 1891 and 1900 | Between 1901 and 1905 | in 1906 | in 1907 | in 1908 | in 1909 | Total |
|-----------------------------|----------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|------------|------------|------------|------------|-------|
| Berlin | „ | „ | 6 | 206 | 154 | 48 | 26 | 14 | 13 | 467 |
| Brunswick | „ | „ | „ | 27 | 75 | 4 | 14 | 29 | 4 | 153 |
| Breslau | „ | „ | 13 | 287 | 111 | 17 | 13 | 9 | 8 | 458 |
| Dantzig | „ | „ | 5 | 157 | 76 | 8 | 3 | 6 | 2 | 257 |
| Erfurt | „ | 1 | 64 | 274 | 56 | 6 | 9 | 16 | 8 | 434 |
| Frankfort-on-Main | „ | 3 | 22 | 118 | 19 | 5 | 4 | 3 | 1 | 175 |
| Cassel | „ | 2 | 102 | 199 | 54 | 2 | 8 | 6 | 7 | 380 |
| Coblentz | 23 | 40 | 73 | 186 | 45 | 7 | 2 | 3 | 5 | 384 |
| Königsberg | „ | „ | 3 | 187 | 60 | 13 | 11 | 7 | 10 | 291 |
| Ludwigshafen | „ | 3 | 10 | 188 | 30 | 4 | 3 | 6 | 1 | 245 |
| Nürnberg | „ | 8 | 87 | 150 | 161 | 22 | 17 | 15 | 4 | 464 |
| Strassburg | „ | „ | 68 | 258 | 71 | 1 | 7 | 29 | 12 | 446 |
| Total.... | 23 | 57 | 453 | 2,237 | 912 | 137 | 117 | 143 | 75 | 4,154 |

The above table clearly shows that it is only since 1880 that the co-operative credit societies have considerably extended, an extension reaching its culminating point in the period 1891-1900. Even in the five years 1901-1905 the increase in the number of these co-operative societies was still very appreciable, whilst from that date the number has considerably diminished. The formation of co-operative credit societies is oftenest due to-day to the simple fact that, in the most populous localities, the co-operative societies already existing subdivide, thus forming new societies and reducing their own work.

The territory to which the action of the co-operative societies extends is in most cases very limited; this is, as we know, a fundamental principle of the Raiffeisen organisation. In the case of 72 % of the societies under consideration, the number of inhabitants in the localities they serve is 2,000; in 12 % it varies from 2,000 to 3,000; in 9 % from 3,000 to 5,000; in 5 % from 5,000 to 10,000 and in 2 % it exceeds 10,000.

The number of members in each co-operative credit society has gone on constantly increasing in a satisfactory manner. The average which was 101 members in 1908 rose to 104 in 1909. The total number of the members of the 4,154 co-operative credit societies was:

| | |
|---|---------|
| At the end of 1908 | 415,291 |
| Increase during the year 1909 | 33,925 |
| Decrease during the same year | 16,973 |
| Total at the end of 1909 | 432,143 |

Among the new members, 2,453 belong to societies founded in the course of the year 1909, so that the societies already existing had an increase of 14,399 members, or 3.5 % of the number in the year 1908.

The following table shows how the increase was divided among the various federations:

| Headquarters — | Increase of Members in 1909 | Decrease of Members in 1909 | Total of Members at the End of 1909 | Increase per cent | Average of Members per Society |
|-------------------------|--------------------------------------|--------------------------------------|--|----------------------|--------------------------------------|
| Berlin | 2,724 | 1,063 | 25,368 | 5.9 | 54 |
| Brunswick | 234 | 185 | 7,007 | 3.7 | 46 |
| Breslau | 3,858 | 1,621 | 44,542 | 4.7 | 97 |
| Dantzic | 2,566 | 1,578 | 25,571 | 3.9 | 90 |
| Erfurt | 2,505 | 1,232 | 37,328 | 2.9 | 86 |
| Frankfort on M. | 707 | 599 | 15,190 | 0.6 | 80 |
| Cassel | 3,188 | 1,434 | 47,920 | 2.9 | 126 |
| Coblenz | 3,755 | 2,009 | 55,857 | 2.9 | 145 |
| Königsberg | 5,467 | 2,803 | 51,053 | 5.0 | 175 |
| Ludwigshafen | 1,558 | 1,111 | 31,832 | 1.2 | 130 |
| Nürnberg | 2,789 | 1,263 | 37,845 | 3.8 | 82 |
| Strassburg | 4,174 | 2,075 | 52,630 | 3.2 | 118 |

The general average of 104 members per society was exceeded in the case of 5 societies, while 7 societies had less. The largest increases, 5.9 and 5 %, were at Berlin and Königsberg, and the smallest, 0.6 and 1.2, at Frankfort and Ludwigshafen, respectively.

§ 2. *Total Business Done.*

The total business done by the 4,154 co-operative credit societies in 1909 amounted to 1.2 milliards of marks, that is to say to 289,163 marks per society and 2,780 mks per member. In the year 1909 all the federations had an increase, while in 1908 a decrease might be observed in the case of certain societies.

The following data will show the absolute and average figures for the total business done in 1908 and 1909:

| Headquarters | Total in 1909 | Average per Society | | Average per Member | |
|-----------------|------------------------------|---------------------|---------|--------------------|-------|
| | | 1909 | 1908 | 1909 | 1908 |
| Berlin | 102,980,579 | 410,515 | 199,555 | 4,059 | 3,802 |
| Brunswick | 47,954,636 | 313,129 | 288,194 | 6,844 | 6,359 |
| Breslau | 105,793,397 | 230,990 | 209,200 | 2,375 | 2,213 |
| Dantzic | 140,116,787 | 545,202 | 487,877 | 5,480 | 5,071 |
| Erfurt | 109,196,645 | 251,605 | 223,544 | 2,923 | 2,635 |
| Frankfort on M. | 21,152,908 | 120,874 | 116,891 | 1,393 | 1,360 |
| Cassel | 92,774,344 | 243,502 | 223,414 | 1,936 | 1,811 |
| Coblentz | 163,466,484 | 425,694 | 397,089 | 2,927 | 2,810 |
| Königsberg ... | 149,240,615 | 512,854 | 455,525 | 2,923 | 2,649 |
| Ludwigshafen . | 63,258,742 | 259,257 | 236,347 | 1,987 | 1,824 |
| Nürnberg ... | 103,901,267 | 223,925 | 198,299 | 2,745 | 2,515 |
| Strassburg | 101,345,850 | 227,233 | 207,806 | 1,926 | 1,764 |
| Total ... | 1,201,182,254 ^(a) | 289,163 | 259,131 | 2,780 | 2,574 |

4 federations show a number of societies below the average and 6 a number of members below the average. There are notable differences between the highest and lowest average figures shown by the federations.

Thus, the averages at Dantzic and Brunswick which rank first are about 5 times the averages of Frankfort which are the lowest.

(a) The Corresponding figure for 1908 was Mks. 1,094,311,406.

With the increase of the averages there also corresponds a decrease in the number of co-operative societies doing a very small amount of business.

The societies, with the circulation of their bills, etc., limited to 150,000 marks, have decreased, whilst those with a circulation in excess of this amount have increased. In 1908, 111 co-operative societies, or 2.6 % did a total business of more than 1 million marks. In 1909 the number of such societies was 146, or 3.6 %. The highest figures for the total business done by one society were in 1908 7,833,000 marks and in 1909 11,634,000 marks.

Classifying these figures in different groups we obtain the following table :

Total Business Done.

| Headquarters | Under 50,000 mks | Between 50,000 and 100,000 | Between 100,000 and 200,000 | Between 200,000 and 300,000 | Between 300,000 and 500,000 | Between 500,000 and 1,000,000 | Above 1 million |
|----------------|---------------------|-------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|--------------------|
| Berlin | 86 | 96 | 123 | 58 | 62 | 30 | 12 |
| Brunswick ... | 6 | 14 | 42 | 28 | 38 | 23 | 2 |
| Breslau | 38 | 81 | 141 | 85 | 70 | 39 | 4 |
| Dantzig | 8 | 25 | 46 | 31 | 58 | 58 | 31 |
| Erfurt | 23 | 71 | 144 | 83 | 69 | 35 | 9 |
| Franfort on M. | 50 | 49 | 47 | 16 | 9 | 4 | - |
| Cassel | 13 | 56 | 130 | 77 | 75 | 26 | 4 |
| Coblentz | 17 | 38 | 86 | 69 | 77 | 63 | 34 |
| Königsberg ... | 24 | 30 | 55 | 44 | 46 | 60 | 32 |
| Ludwigshafen . | 23 | 46 | 84 | 29 | 33 | 22 | 7 |
| Nürnberg ... | 37 | 83 | 154 | 85 | 68 | 33 | 4 |
| Strassburg ... | 75 | 93 | 139 | 57 | 43 | 32 | 7 |
| Total ... | 400 | 682 | 1,191 | 662 | 648 | 425 | 146 |

Per cent 1909 . 9.6% 16.4% 28.7% 15.9% 16.6% 10.3% 3.5%

Id. 1908 . 10.7% 18.7% 29.4% 15.7% 14.1% 8.8% 2.5%

The most frequent case then is that of an amount of business varying between 100,000 and 200,000 marks. There are no less than 1,191 co-operative credit societies, or 28.7 % belonging to this class. The other classes divide the remaining business with little appreciable differences, since the relative proportions vary between 10 and 16 %, up to the class doing the largest business, that is more than a million, including 3.5 % of the total number of the societies.

It is well to draw the reader's attention to the fact that the class best provided with capital is represented, in three federations, by a number of more than thirty co-operative societies in each case. Two of them, the federations of Dantzig and Königsberg, belong to the districts of North East Germany, where large estates predominate, the third, that of Coblenz, is composed of societies of very old foundation. We have seen that in this federation, 23 societies were founded before 1870 and it will be understood what considerable progress they have made in so many years of their existence.

§ 3. *Savings Deposits.*

The savings deposits business from which more than from anything else the credit co-operative societies must derive the means they require for the performance of their task, has considerably increased during the year 1909.

The 4,154 co-operative societies show the following savings business

| | | |
|-----------------------|-------|-------------|
| Deposits | Marks | 177,093,454 |
| Withdrawals | „ | 125,797,747 |
| <hr/> | | |
| Difference . . . | Marks | 51,295,707 |

With this excess, the total savings deposits amounted at the end of 1909 to 498,378,719 marks.

The average per society was 119,976 marks, whilst it was 107,052 at the end of 1908 and 95,088 at the end of 1907. The average per member was 1,153 marks at the end of 1908 and 961 at the end of 1907.

In the course of the year 1909 about 109,000 new savings bank books were issued. The business done in this connection was distributed over the different regions as follows:

| Headquarters — | Deposited in 1909 — | Withdrawn in 1909 — | Total Savings Deposits at End of 1909 — | Average Amount of Savings Deposits per Co-operative Society — | Average Amount of Savings Deposits per Member — |
|---------------------------|---------------------------|---------------------------|--|---|--|
| Berlin | 13,189,588.59 | 7,876,595.64 | 33,590,466.39 | 71,288 | 1,324 |
| Brunswick. | 4,629,635.75 | 2,753,417.04 | 10,397,103.37 | 67,955 | 1,484 |
| Breslau . . . | 16,037,503.01 | 11,056,317.66 | 46,510,099.01 | 101,550 | 1,044 |
| Dantzig . . . | 17,967,992.76 | 13,768,745.14 | 33,238,367.47 | 129,332 | 1,300 |
| Erfurt | 13,108,878.98 | 9,119,463.32 | 38,285,625.29 | 88,216 | 1,026 |
| Frankfort . . | 2,768,705.33 | 2,384,574.60 | 12,580,310.02 | 71,887 | 828 |
| Cassel | 13,540,574.88 | 8,987,987.40 | 51,180,775.82 | 134,343 | 1,068 |
| Coblentz . . | 22,427,326.26 | 18,138,061.26 | 76,031,753.78 | 197,999 | 1,361 |
| Königsberg | 23,652,156.89 | 17,532,066.49 | 43,633,059.88 | 149,942 | 855 |
| Ludwigs- hafen | 8,639,027.39 | 6,959,089.21 | 28,799,765.86 | 118,032 | 905 |
| Nürnberg | 19,886,480.66 | 12,695,975.91 | 57,431,512.86 | 123,775 | 1,518 |
| Strassburg. | 21,245,583.71 | 14,535,453.61 | 66,695,880.17 | 149,542 | 1,867 |
| Total 1909 | 177,093,454.16 | 125,807,747.28 | 498,378,719.92 | 119,976 | 1,153 |
| Id. 1908 | 167,297,964.89 | 115,188,473.71 | 452,081,949.76 | 107,052 | 1,064 |

The above table shows great differences between the federations of the various regions. The average per co-operative savings society varies between 67,955 marks (Brunswick) and 197,999 marks (Coblentz). Frankfort shows the lowest average of deposits per member, 828 marks and Nürnberg the highest, 1,518 marks.

If we classify the amounts of savings deposits with the societies in groups as we did in the case of the total business, we get the following table:

| Headquarters | Up to 20,000 | Between 20,000 and 50,000 | Between 50,000 and 100,000 | Between 100,000 and 200,000 | Between 200,000 and 300,000 | Between 300,000 and 500,000 | Between 500,000 and 1 million | Above 1 million |
|------------------------|-----------------|------------------------------------|-------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|-----------------------|
| Berlin | 141 | 127 | 95 | 66 | 22 | 9 | 2 | 2 |
| Brunswick | 31 | 42 | 48 | 25 | 5 | 1 | .. | .. |
| Breslau | 65 | 115 | 121 | 99 | 24 | 20 | 10 | .. |
| Dantzic | 41 | 45 | 67 | 61 | 17 | 16 | 8 | 1 |
| Erfurt | 75 | 115 | 115 | 83 | 34 | 7 | 3 | .. |
| Frankfort | 44 | 47 | 44 | 28 | 7 | 2 | 2 | .. |
| Cassel | 30 | 59 | 111 | 105 | 47 | 20 | 9 | .. |
| Coblentz | 15 | 48 | 82 | 116 | 45 | 36 | 24 | 7 |
| Königsberg | 44 | 50 | 54 | 74 | 30 | 23 | 12 | 2 |
| Ludwigshafen | 24 | 60 | 62 | 60 | 19 | 15 | 4 | .. |
| Nürnberg | 45 | 81 | 127 | 117 | 59 | 27 | 8 | .. |
| Strassburg | 70 | 73 | 111 | 103 | 40 | 31 | 12 | 5 |
| Total ... | 635 | 862 | 1,037 | 937 | 349 | 207 | 94 | 17 |
| Per cent in 1909 | 15% | 20.8% | 25% | 22.5% | 3.4% | 5% | 2.7% | |
| Per cent in 1908 | 18.4% | 22.7% | 24.2% | 20.9% | 6.8% | 5% | 2.7% | |

The amounts of savings deposits under 50,000 marks have then decreased by 5.3 % relatively to the year 1908 and the deposits in excess of 50,000 marks have at the same time increased. In 1908, there were 100 societies with total deposits of over 500,000 marks, whilst in 1909 there were only 11. The highest figures attained by the savings deposits vary between 3 and 3½ millions.

Rate of Interest on Savings Deposits.—The rate of interest paid on savings deposits varies according to the region from 3 to 5 %.

The co-operative societies paid :

| | 1909 | 1908 |
|-----------------|-------|-------|
| Up to 3½ % | 46.5% | 30.8% |
| From 3½ to 3¾ % | 21.6% | 20.5% |
| „ 3¾ to 4 % | 25.0% | 32.9% |
| „ 4 to 4½ % | 6.2% | 12.6% |
| above 4½ % | 0.7% | 3.2% |

The rate has then considerably decreased since 1908.

The figures indicating the number of co-operative societies which have given the various rates of interest, may be distributed as follows, according to the headquarters of the federations.

| Headquarters | From 3 to 3 ½ % | 3 ½ to 3 ¾ | 3 ¾ to 4 % | 4 % to 4 ½ | above 4 ½ % |
|------------------------|--------------------|---------------|---------------|---------------|----------------|
| Berlin | 278 | 85 | 88 | 14 | 1 |
| Brunswick | 112 | 30 | 9 | .. | .. |
| Breslau | 232 | 82 | 114 | 7 | .. |
| Dantzic | 15 | 18 | 110 | 100 | 14 |
| Erfurt | 237 | 143 | 50 | 2 | .. |
| Frankfort | 90 | 56 | 26 | 2 | .. |
| Cassel | 154 | 106 | 114 | 7 | .. |
| Coblentz | 106 | 101 | 156 | 15 | .. |
| Königsberg | 15 | 31 | 135 | 97 | 12 |
| Ludwigshafen | 52 | 54 | 122 | 13 | .. |
| Nürnberg | 245 | 121 | 87 | .. | .. |
| Strassburg | 359 | 65 | 21 | .. | .. |
| Total | 1,915 | 892 | 1,032 | 257 | 27 |
| Per cent in 1909 | 46.5% | 22.6% | 25.0% | 6.2% | 0.7% |
| Per cent in 1908 | 30.8% | 20.5% | 32.9% | 12.6% | 3.2% |

The preceding sketch clearly shows that the rate of interest on savings deposits is higher in East than in West Germany. The federations of the North-East district of Germany where large farmers prevail, have only a few co-operative societies, that can satisfy their depositors with a rate of 3 or 4 %. 40 % of the co-operative credit societies of the Federation of Dantzic and 30 % of that of Königsberg were obliged to pay a rate of over 4 %. On the contrary, the West German Federations of Erfurt, Cassel, Nürnberg and above all Strassburg in Alsace, were able in most cases to limit themselves to giving an interest of 3 or 3 ½ %.

§ 4. *Loans.*

The amount of loans granted during the year 1909 by the 4,154 co-operative societies was 90,888,363 marks, or 76 millions more than in 1908. The members' demands for credit increase more and more each year.

We can give the following data as to the terms for which the loans were granted :

Loans for 1 year

| | | |
|------|--------------|------------------|
| 1909 | 16,401 loans | 11,738,201 marks |
| 1908 | 17,477 „ | 12,120,569 „ |

For more than 1 year

| | | |
|------|----------|------------------|
| 1909 | 70,415 „ | 71,077,342 marks |
| 1908 | 66,836 „ | 62,727,081 |

with Capital and Interest extinguishable at one date.

| | | |
|------|-------------|-----------------|
| 1909 | 4,687 loans | 6,845,392 marks |
| 1908 | 4,657 „ | 6,914,243 „ |

The short term credits then have diminished a little whilst there has been an increase of about 14 % in the loans for somewhat longer periods.

The loans granted are guaranteed either :

by a Surety : in the case of 65,804 loans for an amount of 48,893,850 marks (in 1908 : 67,135 loans for 49,681,303 Mks).

on Mortgage :

| | |
|---------------------------------|------------------|
| in 1909 : 21,212 loans : amount | 35,176,262 marks |
| in 1908 : 18,326 „ „ | 27,272,820 „ |

on Deposit of Documents of Title, Valuables, etc. ;

| | |
|--------------------------------|-------------|
| in 1909 : 2,230 loans : amount | 4,992,931 „ |
| in 1908 : 3,509 „ „ | 4,807,770 „ |

The method still appreciably predominating is that of simple guarantee by a surety. Yet the use of guarantee on mortgage is continually increasing. Yet this represents no fundamental change in the system of granting loans, as even for requests for loans guaranteed by an entry in the cadastral register repayment of capital is generally exacted at a date fixed in advance.

In the case of 91 million marks lent, repayments have been made to the amount of 60,466,709 marks, representing a proportion of 67 % of the loans granted in the course of the year. The proportion was 69 % in 1908.

The total amount of loans granted amounted at the end of 1909 to 359,182,042 marks in 367,280 accounts.

The loans granted and repaid in the course of th year as well as the total amount of loans current at the end of the year, are indicated in the following table :

| Federations | Loans Granted | Repayments of Loans | Percentage of Repayments of Loans Granted | | Total Loans in Course at the End of 1909 |
|---------------------|------------------|------------------------|---|------|---|
| | | | 1909 | 1908 | |
| Berlin | 5,655,441 | 3,337,014 | 59 | 62 | 21,130,584 |
| Brunswick | 872,881 | 312,697 | 36 | 60 | 13,322,782 |
| Breslau | 8,778,199 | 4,709,171 | 54 | 64 | 33,742,656 |
| Dantzic | 8,138,841 | 6,318,782 | 78 | 87 | 23,114,054 |
| Erfurt | 6,274,484 | 3,396,457 | 54 | 60 | 26,528,058 |
| Frankfort | 1,682,378 | 1,047,286 | 62 | 67 | 9,454,634 |
| Cassel | 7,843,032 | 4,415,928 | 56 | 62 | 38,645,860 |
| Coblentz | 12,784,050 | 10,372,956 | 81 | 71 | 57,951,553 |
| Königsberg | 11,557,495 | 8,884,648 | 77 | 71 | 33,807,195 |
| Ludwigshafen | 5,536,046 | 4,313,503 | 78 | 85 | 23,841,129 |
| Nürnberg | 10,441,384 | 6,559,724 | 63 | 64 | 41,100,384 |
| Strassburg | 11,314,130 | 6,798,540 | 60 | 65 | 46,543,149 |
| Total in 1909 | 90,881,361 | 60,466,706 | 67 | 69 | 359,182,038 |
| Id. in 1908 | 83,205,314 | 57,533,681 | .. | .. | 333,085,104 |

On an average, then, the total amount repaid has been 2 % less than in 1908. The differences in the case of the various federations have of course been much greater, sometimes even considerable, as at Brunswick 36 % in 1909 and 69 % in 1908. In this special case the apparent anomaly is explained by the very considerable increase in last years' current account operations. There was an increase in the repayments as compared with the previous year only in two federations, at Königsberg of about 6 % and at Coblentz 10 %. We must also bear in mind another cause for the apparent

decrease in the proportion of repayments, namely, that sometimes rather large loans have been granted shortly before the end of the year, so that the first repayments are not made in the same year.

And now, let us again consider the amount of the loans granted, showing so well the great economic importance of the rural banks.

The loan accounts at the end of 1909 were divided as follows according to the amount of the loans granted :

| | Number of Accounts | | Percentage of Total Number of Accounts | |
|--------------------|--------------------|---------|---|-------|
| | 1909 | 1908 | 1909 | 1908 |
| Up to 100 Mks. . . | 63,069 | 62,685 | 17.17 | 17.49 |
| 100 to 300 Mks. | 101,878 | 102,867 | 27.74 | 28.70 |
| 300 to 500 „ . | 57,756 | 56,726 | 15.73 | 15.82 |
| 500 to 1,000 „ . | 61,005 | 58,807 | 16.61 | 16.40 |
| 1,000 to 2,000 „ . | 42,731 | 40,417 | 11.63 | 11.27 |
| 2,000 to 5,000 „ . | 30,302 | 27,459 | 8.25 | 7.66 |
| Over 5,000 Mks. .. | 10,539 | 9,541 | 2.87 | 2.66 |

The small loans up to 1,000 marks represented 77.25 % of the total number of accounts. The medium loans for between 1,000 and 5,000 marks formed 19.88 %, of which more than the half, 11.63 % belonged to the largest class of loans exceeding 5,000 marks.

Generally, the rate of interest on loans in 1909 was a little less than in 1908. This is explained by the general greater abundance of money, in 1909, when the last effects of the financial scarcity of 1907 and 1908 had ceased to be observable.

The following rates of interest were asked on loans :

| | |
|----------------|--|
| up to 4 % | in 18.9 % (1909) and 14.3 % (1908) of the co-op. societies |
| from 4 to 4½ % | in 44.0 % „ „ 37.7 % „ „ „ „ „ |
| from 4½ to 5 % | in 32.1 % „ „ 34.0 % „ „ „ „ „ |
| from 5 to 5½ % | in 3.8 % „ „ 8.8 % „ „ „ „ „ |
| from 5½ to 6 % | in 1.2 % „ „ 4.8 % „ „ „ „ „ |
| above 6 % | 0.4 % „ „ „ „ „ |

The lower rates of interest are increasingly charged, those a little higher less often, and rates above 6 % completely disappeared in 1909.

The lowest rate of interest (3 %) is found in the Brunswick federation: that of 6 % is only found in two instances in the Königsberg and Coblenz federations.

We indicate below the rates of interest for the districts of the various federations according to the class of operations:

| | Loans Guaranteed by a Surety Rate | | Loans on Mortgage Rate | | Repurchase (*) Amounts Rate | |
|------------------|---|---------|------------------------------|---------|-----------------------------------|---------|
| | minimum | maximum | minimum | maximum | minimum | maximum |
| Berlin | 3.9 % | 6 % | 3 ½ % | 5 ½ % | 4 % | 5 ½ % |
| Brunswick . . | 3 ¾ » | 5 ½ » | 4 » | 5 » | 3 » | 5 » |
| Breslau | 3 ½ » | 6 » | 3 ½ » | 6 » | 4 » | 5 ½ » |
| Dantzig | 4 ½ » | 6 » | 4 ½ » | 6 » | 4 ½ » | 5 ½ » |
| Erfurt. | 3 ¾ » | 5 ½ » | 3 ¾ » | 5 ½ » | 3 ¾ » | 5 ½ » |
| Frankfort . . . | 4 » | 5 ½ » | 4 » | 5 ½ » | 4 » | 5 ½ » |
| Cassel | 3 ¾ » | 5 ¼ » | 5 ¾ » | 5 ¼ » | 3 ¾ » | 5 ¼ » |
| Coblenz | 3 ¾ » | 6 ½ » | 3 ¾ » | 6 ½ » | 4 » | 5 ½ » |
| Königsberg . . | 4 ½ » | 6 ½ » | 4 ½ » | 6 » | 4 ½ » | 6 » |
| Ludwigshafen . | 4 » | 5 ½ » | 4 » | 5 ½ » | 4 ¼ » | 5 ½ » |
| Nürnberg . . . | 3 ¾ » | 5 ¼ » | 3 ¾ » | 5 ¼ » | 3 ¾ » | 5 » |
| Strassburg . . . | 3 ½ » | 5 » | 3 ¾ » | 5 » | 3 ¾ » | 5 » |
| General. 1909 | 3 ½ % | 6 ½ % | 3 ½ % | 6 ½ % | 3 % | 6 % |
| Rates . 1908 | 3 ½ » | 6 ¼ » | 3 ½ » | 6 ½ » | 3 ½ » | 7 » |

(*) By Repurchase Amounts are meant the amounts due to the Co-operative Society by purchasers of each share, when, in case of division of inheritance or for sale of a farm, the society pays the seller the whole purchase price, whilst it grants the buyer some years' (oftenest 5 or 6) delay of payment.

§ 5. Current Accounts

The number of members who have opened current accounts with the rural banks increased in 1909 from 54,533 to 58,662. This current account

business has increased by about 26 millions of marks. It amounted in 1909 to 210,162,260 marks, namely :

Deposits : 102,375,113 marks (in 1908 : 91,025,278) ;

Withdrawals: 107,787,147 marks (in 1908 : 93,938,248).

The proportion of the deposits to the withdrawals varied between 87 % (Breslau Federation) and 104 % (Frankfort Federation). On an average the deposits in 1909 amounted to 95 % of the withdrawals, as against 98 % in 1908.

There are great differences to be observed in this connection between the various federations as may be seen from the following table :

| Federations | Number of Members who have done Current Account Business | Deposits | Withdrawals | % of Deposits to Withdrawals | | Credit Balance at End of the Year | | Debit Balance at End of the Year | |
|------------------------|--|-------------|-------------|------------------------------|------|-----------------------------------|------------|----------------------------------|------------|
| | | | | 1909 | 1908 | Number of Accounts | Amount | Number of Accounts | Amount |
| | | Marks | Marks | | | | Marks | | Marks |
| Berlin | 6,851 | 9,955,395 | 10,340,941 | 96 | 99 | 3,630 | 2,246,695 | 2,980 | 5,786,172 |
| Brunswick | 3,811 | 6,278,217 | 6,825,500 | 92 | 108 | 1,685 | 1,600,167 | 1,965 | 4,064,839 |
| Breslau | 4,562 | 5,901,761 | 6,771,794 | 87 | 93 | 1,579 | 1,616,033 | 2,930 | 6,307,236 |
| Danzig | 3,149 | 12,729,332 | 13,048,966 | 98 | 105 | 889 | 2,334,562 | 2,156 | 7,087,601 |
| Erfurt | 6,882 | 9,179,097 | 9,283,184 | 99 | 99 | 3,030 | 2,402,869 | 3,756 | 4,777,173 |
| Frankfort. | 1,866 | 1,445,969 | 1,396,139 | 104 | 111 | 377 | 536,279 | 1,373 | 2,249,638 |
| Cassel | 8,002 | 6,806,302 | 6,874,856 | 99 | 102 | 2,319 | 2,166,203 | 5,683 | 6,629,665 |
| Coblenz | 8,008 | 19,412,916 | 20,288,260 | 96 | 99 | 2,340 | 4,666,546 | 5,447 | 15,402,784 |
| Königsberg | 6,607 | 18,080,983 | 19,227,733 | 94 | 89 | 1,045 | 2,120,208 | 5,512 | 16,134,864 |
| Ludwigshafen | 3,475 | 4,543,471 | 4,906,272 | 93 | 95 | 1,031 | 1,611,791 | 2,566 | 4,248,954 |
| Nuremberg | 4,267 | 5,863,121 | 6,541,389 | 90 | 97 | 1,210 | 1,445,786 | 2,675 | 5,294,671 |
| Strassburg | 1,182 | 2,178,560 | 2,278,114 | 96 | 101 | 167 | 402,800 | 1,008 | 3,229,287 |
| Total | 58,662 | 102,575,114 | 108,783,148 | 95 | 98 | 19,302 | 23,149,939 | 38,151 | 81,210,724 |
| In 1908 | 54,533 | 91,025,278 | 93,938,249 | — | — | 17,194 | 21,075,063 | 35,876 | 74,700,543 |

The percentage of deposits has increased in only one federation, that of Königsberg, by 5 %, whilst in that of Erfurt it has remained at the same level as in 1908, and in all the other federations the deposits have decreased. The amount of deposits exceeds that of withdrawals only in the Federation of Frankfort, while in 1908 there were five federations in which this was the case.

7 federations exceed the average by 95 % and 5 fall below it. At the closing of the year's accounts the credits were to the debits in the proportion of 1 : 3½. Compared with the previous year the credits have increased 10 % and the debits 9 %, which shows in a very satisfactory way that the system of current accounts is always gaining ground.

The great majority of the co-operative societies give an interest of 3½ % ; 4 % ; 3¾ %, on deposits in current account, whilst they ask an interest of 4½ % ; 5 % ; 4 %, on withdrawals and advances in current account.

§ 6. *Business Done with the Central Bank.*

The Central Bank for all the Co-operative Credit Societies of the Raiffeisen Organization is the Central Agricultural Loan Bank of Germany (*Landwirtschaftliche Central-Darlehenskasse für Deutschland*), a limited liability society founded in 1876, first with its headquarters at Neuwied and afterwards at Berlin.

In the total business done with this clearing house establishment the deposits of the co-operative credit societies have been far in excess of the applications for credit, although the difference was not so great as in 1908.

The deposits made by the societies exceeded the requests for credit ;

in 1908 by 23,156,188 marks, or 5,483 marks per society

in 1909 by 10,429,630 marks or 2,511 marks per society

The part taken by each federation in this business with the central agricultural loan bank is shown in the following table :

| Headquarters | Number of Co-operative Societies | Amount of Deposits with the Central Bank | Amount of Withdrawals from the Central Bank | Difference between Deposits and Withdrawals | | |
|------------------|----------------------------------|--|---|---|--------------|--------------|
| | | | | Total | Average 1909 | Average 1909 |
| Berlin | 467 | 15,463,368 | 13,314,548 | + 2,148,820 | + 4,601 | + 4,292 |
| Brunswick . . . | 153 | 6,967,171 | 6,284,026 | + 683,145 | + 4,465 | + 18,106 |
| Breslau | 458 | 14,258,159 | 14,801,368 | - 543,209 | - 1,186 | + 6,715 |
| Dantzig | 257 | 20,167,771 | 17,964,172 | + 2,203,599 | + 8,574 | + 16,275 |
| Erfurt | 434 | 13,671,828 | 13,176,899 | + 494,929 | + 1,140 | + 4,940 |
| Frankfort . . . | 175 | 1,812,077 | 2,138,758 | - 326,681 | - 1,867 | - 735 |
| Cassel | 381 | 8,849,044 | 8,677,046 | + 171,998 | + 451 | + 6,856 |
| Coblentz | 384 | 18,051,040 | 17,497,348 | + 553,692 | + 1,442 | + 4,431 |
| Königsberg . . | 291 | 16,621,986 | 14,841,919 | + 1,780,067 | + 6,117 | + 4,450 |
| Ludwigshafen . | 244 | 6,274,007 | 6,424,326 | - 150,319 | - 616 | + 1,933 |
| Nürnberg . . . | 464 | 13,244,977 | 11,369,307 | + 1,875,670 | + 4,042 | + 6,088 |
| Strassburg . . . | 446 | 11,407,518 | 9,869,599 | + 1,537,919 | + 3,448 | + 5,674 |
| Total in 1909 | 4,154 | 146,788,946 | 136,359,316 | + 10,429,630 | + 2,511 | . . |
| Id. in 1908 | 4,223 | 137,852,806 | 114,096,620 | + 23,156,186 | + 5,483 | . . |

| Headquarters | Situation of the Co-operative Societies at the End of the Year | | Difference between Credit and Debit | | | | | |
|------------------------|--|------------|-------------------------------------|----------------------------------|------|--------|----|--------|
| | Credit | Debit | Total | Average per Co-operative Society | | | | |
| | Mks | Mks | | 1909 | 1908 | | | |
| Berlin | 8,473,355 | 3,695,390 | + | 4,777,965 | + | 10,231 | + | 5,619 |
| Brunswick | 4,115,934 | 533,425 | + | 3,582,509 | + | 23,415 | + | 19,934 |
| Breslau | 8,262,905 | 3,432,571 | + | 3,830,037 | + | 8,363 | + | 9,933 |
| Dantzig | 4,93,718 | 3,796,141 | + | 897,567 | + | 3,493 | - | 4,757 |
| Erfurt | 7,75,960 | 2,194,600 | + | 5,521,360 | + | 12,622 | + | 11,798 |
| Frankfort | 1,40,026 | 1,893,862 | - | 473,836 | - | 2,608 | - | 630 |
| Cassel | 6,798,865 | 2,700,285 | + | 3,498,580 | + | 9,183 | - | 8,799 |
| Coblentz | 10,092,192 | 2,026,655 | + | 4,065,537 | + | 10,587 | + | 9,995 |
| Königsberg | 2,562,674 | 9,223,203 | - | 6,660,529 | - | 22,888 | - | 29,931 |
| Ludwigshafen | 2,355,831 | 3,964,251 | - | 1,608,420 | - | 6,592 | - | 6,341 |
| Nürnberg | 9,507,855 | 2,534,894 | + | 6,962,961 | + | 15,028 | + | 10,059 |
| Strassburg | 12,568,172 | 3,327,148 | + | 9,241,024 | + | 20,720 | + | 17,060 |
| Total 1909 | 77,967,190 | 44,322,425 | + | 33,644,765 | + | 8,099 | + | 4,596 |
| In 1908 | 66,938,099 | 47,529,561 | + | 19,408,538 | .. | .. | .. | .. |

It is only in the Königsberg and Berlin Federations that the deposits have become proportionally higher than the withdrawals, whilst in the ten other federations the percentage of deposits has decreased.

The credit of the co-operative societies exceeded the debit in the federations of Berlin, Brunswick, Breslau, Dantzig, Erfurt, Cassel, Coblentz, Nürnberg and Strassburg. On the contrary, the debit exceeded the credit at Frankfurt, Königsberg and Ludwigshafen.

As appears from the preceding table, the credit of the co-operative societies exceeded the debit by about 33,645,000 marks. On an average, each co-operative society had a credit of 8,099 marks with the Central Bank. There has then been a considerable increase on the amount of 4,596 marks of the year 1908.

The Strassburg Federation had the largest surplus credit, an amount far exceeding 9 millions, whilst with respect to the average per co-operative society the Brunswick federation held the first place.

§ 7. Purchase of Merchandise.

The purchase of farm requisites has always been one of the branches with which the Raiffeisen Banks have concerned themselves within the limits of their sphere of action. Even in the year 1908, although we have no figures for the 188 co-operative societies of Posen, which have left the organisation, the purchases show an increase of 800,000 marks. On an average for all the co-operative societies the purchase of farm requisites rose in 1909 to 10,696 marks per society against 10,332 in 1908. They bought:

| | |
|--|-----------------|
| 4,774,735 centner (1) of chemical manure for | 15,457,583 mks. |
| 2,405,631 „ „ fodder | „ 16,290,077 „ |
| 6,909,059 „ „ coal | „ 6,373,964 „ |
| 156,416 „ „ seeds | „ 1,683,684 „ |
| Agricultural Machinery and Implements | „ 854,123 „ |
| Other farm requisites | „ 3,773,101 „ |

The total amount of purchases was divided as follows among the various co-operative federations:

| Headquarters | Amount of Purchases Mks | Average per Society Mks |
|--------------------|-------------------------------|-------------------------------|
| Berlin | 4,001,751 | 8,569 |
| Brunswick | 2,774,994 | 18,137 |
| Breslau | 5,478,199 | 11,961 |
| Dantzig | 5,469,479 | 21,282 |
| Erfurt | 6,533,429 | 15,054 |
| Frankfort | 1,366,381 | 7,808 |
| Cassel | 5,144,121 | 13,502 |
| Coblentz | 3,664,756 | 9,544 |
| Königsberg | 1,845,918 | 6,343 |
| Ludwigshafen | 3,442,062 | 14,107 |
| Nürnberg | 1,732,394 | 3,734 |
| Strassburg | 2,979,046 | 6,679 |

The centner is equal to 50 Kg.

The average amount of purchases varies between 3,734 marks (Nürnberg) and 21,282 mks (Dantzig). Generally, it may be said that the amount of purchases is higher in East than in West Germany. Large country estates predominate in the East; in the West, on the contrary, property is much more cut up, and hence these differences.

§ 8. Profits and Losses.

The balance sheets of the 4,154 co-operative credit societies at the end of 1909 show a net profit of 1,895,893 mks. The average profit per society is 456.40 marks as against 468.53 in the previous year. 3,710 co-operative societies show a profit and 427 a loss.

The losses may be classified as follows :

| up to between | 100 mks 100 and | losses in 300 mks losses in | 221 societies 102 „ |
|------------------|--------------------|--------------------------------|------------------------|
| „ | 300 „ | 500 „ „ „ | 30 „ |
| „ | 500 „ | 750 „ „ „ | 11 „ |
| „ | 750 „ | 1,000 „ „ „ | 6 „ |
| „ | 1,000 „ | 2,000 „ „ „ | 18 „ |
| above | 2,000 | „ „ „ | 39 „ |

The causes of the losses are various. It often happens that, in the first years of their existence, the co-operative credit societies suffer losses, because they have not yet won the confidence of their public.

The largest number of societies having losses of under 100 marks proves that these are recent societies. From time to time there may occur losses due to loss in the loan business. But the number of these is insignificant and the heaviest losses, considering as such those that exceed 2,000 mks, do not affect even 1 % of the societies.

The profits vary much, from less than 100 marks to more than 25,000.

We shall show them in the following table :

| | | 1909 | 1908 | | |
|-----------------|-------------------|-------|-------|------------------|---|
| Profits up to | 100 marks | 554 | 598 | co-op. societies | |
| between 100 and | 300 marks | 1,030 | 995 | „ | „ |
| „ 300 „ | 500 „ | 675 | 706 | „ | „ |
| „ 500 „ | 1,000 „ | 808 | 805 | „ | „ |
| „ 1,000 „ | 2,000 „ | 452 | 453 | „ | „ |
| „ 2,000 „ | 3,000 „ | 105 | 115 | „ | „ |
| „ 3,000 „ | 5,000 „ | 57 | 59 | „ | „ |
| „ 5,000 „ | 10,000 „ | 18 | 29 | „ | „ |
| „ 10,000 „ | 20,000 „ | 10 | 4 | „ | „ |
| „ 20,000 „ | 25,000 „ | 1 | 1 | „ | „ |
| | | 3,710 | 3,765 | co-op. societies | |

More than 75 % of the co-operative credit societies have made profits of not more than 1,000 marks, 11 % of between 1,000 and 2,000 marks and only about 5 % realised profits above that amount,

As we have already shown in detail in the article on "Rural Banks," Bulletin N° 3, page 24 et seqq., the agricultural co-operative credit societies are in fact not instituted with the object of realising profits; which sufficiently explains why large profits are so exceptional.

§ 9. General View of the Balance Sheets.

Assets.

| | Marks |
|---|----------------|
| Cash in Hand at End of the Year | 19,036,208.07 |
| Pfennigsparkasse (1) | 1,293.50 |
| Loans and Repurchase amount, Legal Expenses | 359,182,044.12 |
| Current Accounts with the Central Agricultural | |
| Loan Bank of Germany. | |
| 1. Share account. | 7,937,670. » |
| 2. Bank account | 77,967,189.40 |
| 3. Goods account | 212,375.71 |
| Credits in current account with members | 81,210,725.27 |
| " " " " " other persons | 8,078,274.92 |
| Cheques | 251,203.82 |
| Real estate | 5,195,285.08 |
| Moveables | 2,137,905.39 |
| Securities, documents, valuables | 4,091,177.13 |
| Share in co-operative undertakings | 1,056,212.79 |
| Credit for goods supplied | 18,417,224.65 |
| Value of goods in stock | 1,553,497.36 |
| Amounts for supply of produce | 774,480.86 |
| Various amounts to be collected (interest, com- mission, etc). | 7,443,592.67 |
| Loss in previous balance sheet | 1,396,438.09 |
| Total assets | 595,943,497.13 |

(1) Special Savings bank books for stamps for fractions of a mark, thus allowing of the saving of a few centimes at a time.

Liabilities.

| | |
|--|----------------|
| Bank advances | 55,938.03 |
| Savings bank stamps not yet registered | 1,317.40 |
| Capital | 3,784,838.29 |
| Savings deposit | 492,890,272.97 |
| Deposits | 5,488,446.95 |
| Current account with the Central Agricultural Loan Bank of Germany. | |
| 1. Bank account | 44,322,422.88 |
| 2. Goods account | 1,736,257.74 |
| 3. Printing account | 22,500. » |
| Members' credit in current account | 23,449,941.29 |
| Non members' „ „ „ „ | 5,245,410.71 |
| Cheques | 19,604.95 |
| Various costs to be paid (interest, working expenses) | 456,592.03 |
| Endowment Fund according to previous balance sheet | 9,558,399.99 |
| Reserve Fund according to previous balance sheet | 6,394,162.46 |
| Other Funds according to previous balances sheet | 921,498.63 |
| Total Liabilities | 594,047,604.30 |
| Total Assets | 595,943,497.13 |
| Total Liabilities | 594,047,604.30 |
| Net Profit | 1,895,892.83 |
| Profits in 1909 | 2,412,878.83 |
| Losses in 1909 | 516,986. » |
| Net Profit | 1,895,892.83 |

A glance at the figures of the balance sheet clearly show that the Raiffeisen Loan and Savings Banks justly deserve their title. They attract the savings of their district and invest them in loans to members guaranteed

by sureties, in some cases even guaranteed on mortgage. Almost 493 million marks have been collected as savings deposits in these co-operative societies, often in very small sums, as "Pfennigsparkasse"; and by means of this money more than 359 millions have been granted as loans and credits on mortgage. 18 millions have been used for the current accounts, 18½ for the supply of goods, and 78 were deposited in the Central Bank to satisfy eventual daily requirements of depositors.

The Raiffeisen Banks constitute about 25 % of all the agricultural credit co-operative societies of Germany. They all work on the basis of the fundamental rules laid down by their founder "Raiffeisen," and it is mainly to these rules that they owe their success, which has brilliantly realised the hopes formed for it. These banks unite 30 % of all the monetary value represented by more than 16,000 agricultural co-operative credit societies existing in Germany (See also our Bulletin, No 3, 1911. pages 14 to 19).

II. RECENT NEWS.

Work of the Federations and Central Institutions of the Co-operative Societies.

I. AGRICULTURAL CO-OPERATION.

I. — The Federation of the Agricultural Co-operative Societies of Hanover. — This Federation held its congress at Hanover on the 12th. July. Let us note the following points in the Report of the Manager of the Federation, Agronomic Councillor Johannsen.

The Federation made new progress in the past year. It founded 73 co-operative societies, 14 loan and deposit banks, 9 dairies, 6 agricultural societies for collective purchase and 44 other societies.

On the 31st. December, 1910, there were in the Federation :

3 central co-operative societies,
460 rural banks,
316 dairies,
187 societies for collective purchase,
373 miscellaneous societies,

Total. 1,339 co-operative societies.

Among the miscellaneous co-operative societies there are 108 societies for employment of electric energy, 8 co-operative works for production of electric energy, 72 societies for the sale of cattle, 29 irrigation consortiums, 33 societies for the employment of agricultural machinery, 62 for poultry breeding and the sale of eggs, 6 for the utilisation of fruit, 3 jam factories, 4 pasturage societies, 2 for the sale of vegetables, 3 for land reclamation, 2 for the manufacture of bricks, 2 for potato desiccation, 3 building societies and 17 others, the various objects of which it is not possible to specify.

The rural banks give a satisfactory impression as regards their work; the business they do is perhaps more important than might be expected.

Rural business was done

| up to the amount of . | | 50,000 marks by | | 17 banks |
|-----------------------|------------------------|-----------------|---|----------|
| For between | 50,000 and | 150,000 | „ | 62 „ |
| „ „ | 150,000 „ | 250,000 | „ | 73 „ |
| „ „ | 250,000 „ | 500,000 | „ | 122 „ |
| „ „ | 500,000 „ | 1,000,000 | „ | 86 „ |
| „ „ | 1 and 2 millions marks | | „ | 43 „ |
| „ „ | 2 and 3 | „ „ | „ | 7 „ |
| „ „ | 3 and 5 | „ „ | „ | 6 „ |
| „ „ | 5 and 10 | „ „ | „ | 9 „ |
| „ | above 10 millions | | „ | 1 bank |

At the same time the business done by the Central Agricultural Co-operative Society of Hanover also increased up to 340 millions. The purchase business done by the collective purchase societies also produces a good impression. The amount of goods sold to members was as follows:

| Up to 10,000 marks by | | 29 societies | |
|-----------------------|-----------------|--------------|---|
| Between 10,000 and | 50,000 marks by | 97 | „ |
| „ 50,000 „ | 100,000 „ | 25 | „ |
| „ 100,000 „ | 200,000 „ | 15 | „ |
| „ 200,000 „ | 500,000 „ | 3 | „ |
| above 500,000 | „ „ | 2 | „ |

The chief Hanoverian co-operative society for purchase of farm requisites showed sales for 15.75 million marks, and the Central Co-operative Society of the Osnabrück agricultural distributive co-operative societies, sales for 2 million marks.

The co-operative dairies also showed a considerable increase in the quantity of milk treated.

| | | |
|---|------------------------------------|------------|
| An annual quantity of less than 300,000 litres was shown by | | 43 dairies |
| „ „ | between 300,000 and 500,000 litres | 29 „ |
| „ „ | 1,500 thousand and 2,000 li- | |
| | tres | 47 „ |
| „ „ | 2,000 thousand and 3,000 li- | |
| | tres | 52 „ |
| „ „ | over 3,000 thousand | 39 „ |

*
* *

2. — The Provincial Federation of the Silesian Agricultural Co-operative Societies. — This society publishes the following figures as to the work done in 1910 by its adhering rural banks :

| | at the end of 1910 | at the end of 1909 |
|---|-----------------------|-----------------------|
| Number of Banks | 738 | 722 |
| Number of Members of Banks . . . | 56,438 | 54,027 |
| Total Business Done | 197,419,091 | 180,886,993 |
| Members' Deposits | 21,162,009 | 18,772,495 |
| Savings Deposits | 47,433,364 | 41,704,900 |
| Members' Debit Current Account . . | 56,982,674 | 52,665,655 |
| Debit of the Co-operative Societies at the Breslau Central Bank . . . | 12,758,488 | 13,055,124 |
| Credit of the Co-operative Societies at the Breslau Central Bank . . . | 18,218,392 | 15,229,514 |
| Capital belonging to the Society . . | 3,313,683 | 2,929,502 |
| Net Profits | 471,062 | 442,738 |
| Total Assets | 85,186,194 | 76,995,961 |
| Total Liabilities | 84,725,282 | 76,566,292 |

All these figures show new progress.

II. NON-AGRICULTURAL CO-OPERATION.

Yearbook of the General Federation of Schulze-Delitzsch Co-operative Societies for 1910 (*Allgemeiner Verband der auf Selbsthilfe beruhenden Erwerbs- und Wirtschaftsgenossenschaften e. V.*). This Yearbook contains highly interesting data on the co-operative movement in Germany. We shall here only briefly reproduce a few.

The total number of German societies subject to the law of 1889 on co-operative societies was estimated at 30,555 at the end of 1910 ; there was an increase of 1,058 societies, as compared with the previous years. The total number of members is about 4½ millions. Of these societies about 1,500 with 920,466 members belonged to the General Federation ; whilst the number of the societies belonging to it is the twentieth of the total societies, the number of members enrolled in them is a fifth of the total members.

The proportion of the commercial business done by these societies is no different. Estimating at 22.75 milliards the total business, articles all the societies of the Empire, with regard to

of consumption, dwellings, farm requisites, etc., and at 640 million marks the capital belonging to the societies, the societies of the General Federation, that is to say, the Schulze-Delitzsch Unions do a business of about 13 milliards and have capital of their own amounting to 334½ millions, besides 1,268 millions of borrowed capital. The first rank among the German co-operative societies is held by the credit societies, 17,493 in number. Then come 3,745 Agricultural Societies for production, 2,311 distributive societies, 2,064 agricultural societies for purchase of farm requisites and 1,056 building societies. The industrial co-operative societies are still fewer in number : 394 societies for purchase of raw material, 128 for storing goods, 415 for production and 766 for labour.

These figures show once more how much more agriculture has profited by the advantages of co-operative purchase than industry or, more precisely, than the industrial middle class. With regard to their legal form, 19,639 societies, that is, 64.3 % are of unlimited liability, 10,751, or 35.2 % of limited liability and 165 or .5 % of unlimited liability to payment of calls. Comparing these figures with those for the preceding years we see that the number of unlimited liability societies is decreasing and the number of limited liability societies increasing.

Absolutely new information is given in this yearbook on the taxation of the societies in the various States.

The co-operative credit societies pay an average tax of

| | |
|--------|----------------------------------|
| 3.5 % | on profits in Prussia ; |
| 11.6 % | „ „ „ Bavaria ; |
| 6 % | „ „ „ Saxony ; |
| 9.5 % | „ „ „ Württemberg ; |
| 11.7 % | „ „ „ the Grand Duchy of Baden ; |
| 8 % | „ „ „ „ „ „ „ Hesse. |

The co-operative distributive societies pay

| | |
|----------------------------|--------|
| In Prussia , | 13.3 % |
| „ Bavaria , | 14.0 % |
| „ Saxony, | 7.0 % |
| „ the Grand Duchy of Baden | 8 % |
| „ Brunswick, | 8.4 % |

For the co-operative building societies of Prussia, it is calculated that the taxes amounted to between .5 and 25.5 % of the net profit. This includes both State and municipal taxes and contributions to churches and schools.

The yearbook also gives full information on the most important laws of last year and especially the law on the organization of the insurance societies of the Empire.

Of course statistical tables have the most important place. The total working capital, including the capital proper, and that borrowed, amounted to 1,455,532,355 marks, of which 310,517,667 marks was the property of the societies. This property was to the borrowed funds in the proportion of 27.12 : 100. At the end of 1910, 39,916,709 marks represented commercial bills. 792,916 bills of exchange, for an amount, in round numbers of 300 millions were received at the collecting consortium founded to facilitate recovery of such bills.

On the contrary the cheque business has greatly decreased, certainly in consequence of the introduction of the stamp on cheques. The number of cheque book accounts decreased from 51,791 in 1909 to 40,613 in 1910. Transfer of accounts was represented by about 200 millions in the case of 101 credit co-operative societies. The co-operative distributive societies increased by 41; 17 have failed. 271 co-operative distributive societies which furnished returns showed 70 millions of sales with a net profit of 71 million marks.

Out of the net profit more than 170,000 marks dividends were paid and more than 6 millions premiums as percentage of capital. Besides 808,748 marks discount was given and 120,536 marks paid by 111 societies for purposes of popular education and public utility. There were two cases of failure among the co-operative building societies. Their number increased from 963 to 1,056; they had 16½ millions capital of their own and 20 millions borrowed capital.

2. Miscellaneous Information.

Co-operative Societies for Motor Transport. — In No. 15 of the *Deutsche landwirtschaftliche Genossenschaftspresse*, the results obtained by some societies for motor transport are given; we reproduce the following notes from this important report.

With the gradual advance made in the adaptation of motor cars to rapid transport of passengers and goods, it has been attempted in several regions of Germany to make up for the deficiencies of the existing railway system, by starting large motor omnibuses.

At the beginning the initiative in such undertakings was due to private persons or communal consortiums, and the results were not such as to invite speedy imitation.

Generally the mode of construction of the cars, in many instances not answering the required conditions either as to material or strength, militated against the success of the undertakings. Generally the motive force was not strong enough and the machinery insufficient, and occasioned numerous unintentional stoppages en route, prevented the cars coming up to time and brought the whole enterprise into discredit.

The continual improvements introduced into the technique of motor cars permitted of these defects being got rid of, and the safety of the lines has so greatly increased that they are more and more recognised as an excellent means of communication.

Then companies and co-operative societies were formed. It will be interesting to have some exact information on the development of the organisation of these companies and societies.

The best results up to the present have been obtained by the Motor Car Society (*Motorwagen-gesellschaft*) of St. Blasien (Black Forest), which began work in 1906.

In the season of the summer villegiatura, in a very difficult country, where the gradients are 8 in 100, a regular passenger and goods service is maintained between St. Blasien-Titisee and St. Blasien-Waldshut, and in the height of the travelling season assumes considerable importance.

The traffic employs 5 passenger cars and one goods car. On account of the steep gradients, very lightly built cars have been selected, due regard being had to strength and durability.

The passenger cars have an average weight of 1,700 kg. each; the goods car weighs 2,200 kgs.

All the cars are furnished with 4 cylindrical motors of 32.38 H. P. permitting a maximum speed of 40 kms the hour for the passenger cars and from 25 to 30 kms. the hour for the goods cars. The passenger cars carry 11 persons including the chauffeur. The fare is 5 marks per person for the course St. Blasien-Titisee and the same for the course St. Blasien-Waldshut.

Luggage up to 5 kgs. is carried free and placed on the roof: every additional kg. is charged 5 pf.: the charge for bicycles is 1 mark. Personal luggage carried by the goods car is charged 4 pf. the kg., and other goods pay 2 pf. the kg.

The post which uses this line twice a day, pays 300 marks per month.

The staff consists of the manager of the business, 6 chauffeurs with monthly salary of 120 marks, and two employees as cleaners, a chauffeur for the goods car, a station master at Titisee and another at St. Blasien.

In 1907 the receipts were 69,887 mks. and the expenditure 65,228 marks, including 30 % towards extinction of the debt on the cars, so that there remains a net profit of 4,599 mks.

The cost price of the 6 cars was in round figures 77,000 marks, against an initial capital of 75,000 marks. The receipts averaged per passenger

per kilometre, 14.2 pf. per car and 88 pf. per km. for the passenger service, 0.72 per car per km. for the goods service.

In the expenses, 81.5 per car per km., were included 7.5 pf. for benzine, 12.6 pf. for the pneumatic tyres and 2.64 pf. for oil and grease.

We have also data relative to the " Limited Liability Machine Traction Transport Society for the Meinhardt Forest " at Meinhardt.

This society has 5 passenger cars ; in 1909 the total receipts per car per km. were 49.81 pf., the expenditure 46.81 pf.

In 1909, 42,319 marks were paid off on the 3 older cars, or 20 % of the purchase price, 11,776 marks on the 2 other cars, corresponding to 15 and 5 %.

The initial capital of the society was 35,000 marks at the end of 1909. Passengers fares brought in 23,538.40 marks and the post paid 10,046.73 marks for use of the line.

The total working expenses, including interest, amounted in 1909 to 21,580.58 marks ; thus the profit was 2,138.72 marks.

Less favourable have been the results of the following motor car transport undertakings :

The Aegidienberg Motor Car Transport Society in 1910 made 19,500 marks by its passenger service and 600 marks by the postal service. Its expenses were : 3,600 marks for benzine, 2,600 for the pneumatic tyres, 2,800 for wages, 1,700 insurance and 1,200 repairs.

After deduction of sinking fund payments there remained the small profit of 112 marks, so that the initial capital produced no interest, although the manager of the business and the cashier were unremunerated.

In 1908 the *Mooriemer Automobil-Gesellschaft* was founded at Altenhundertorf under the form of a registered limited liability co-operative society. The shares at first fixed at 30 marks soon rose to 130 mks. The liability was 500 marks per share ; the members being 188 at the end of 1908, the total amount of the liability of the society was 94,000 marks.

In 1908 after not an entire year of work, the amount of sinking fund was 10 %, in 1909 25 %, in 1910 25 %. Up to the present every year the accounts have closed with a loss, to be precise with a loss of 4,172 mks. in 1908, 14,344 mks. in 1909, 6,985 mks. in 1910. The heavy loss in 1909 was due to a fire rendering necessary the building of a new car. To cover the expenses a deduction of 6,985 marks had to be made from the share capital, which at the end of 1910 represented 8,506 marks, so that to-day it only represents 1,527 marks. The society has as yet no reserve fund.

The report on these co-operative societies in 1910 says that they traverse more than 48,955 kms., carry 20,226 passengers and 4,408 parcels. The post pays an amount of 3,300 mks.

The expenditure per km. was : wages, 8.51 pf. ; insurance, 2.51 pf. ; benzine, 6.9 ; oil, 2.16 ; and pneumatic tyres, 7.97 pf. Including sinking fund

and interest the total expenditure amounted to 52.09 pf. per km. The price of the tickets, which up to the present has been 5 pf. per passenger per km., is not sufficient to pay expenses, but it cannot be raised, as the use of the car would be still further decreased, after there has already been a falling off of 1,101 passengers in 1910 as compared with 1909.

The situation of these co-operative societies will only improve some years hence when the amount of sinking fund payments is reduced.

The first of these co-operative societies was the "Brünn Co-operative Motor Car Transport Society, Limited", founded in 1907.

This society has had a loss in round numbers of 5,000 marks in the last three years.

In the first two years the district and the commune granted it an annual subvention of 1,800 mks. The traffic has continually increased. At the end of 1910 there were still 10,000 mks. to be paid off on the two cars belonging to the society. In three years 13,500 marks or much more than 50 %, have been paid off; probably this society will manage to continue unless it has absolutely unforeseen losses.

Summing up the results obtained by the foregoing co-operative societies we may conclude that scarcely one of these businesses could continue without the post office subsidy; in any case a motor car transport business can hardly rely only on passenger traffic.

If we consider that in these businesses, whether limited liability or co-operative societies, the necessary capital is subscribed in the circles interested so that the business may continue even if the initial capital pays no interest and there are losses in spite of subventions from public administrations, we may say that the returns of motor car transport co-operative societies will never be great till the price of the tickets are appreciably raised; but this is hindered by railway competition and the necessity of not alienating the public. Yet it cannot be denied that a co-operative motor car transport society may prosper under certain conditions, in the absence of a good railway system, and with frequent travelling of strangers at certain seasons of the year or the existence of certain branches of industry requiring rapid transport of their produce. But even in these cases they must always be able to count upon subventions from the administrations concerned. Generally, then, it will only be exceptional circumstances which allow of the successful development of motor car transport.. We cannot therefore predict, at any rate, for the moment, any great future for the motor car transport societies.

CO-OPERATION AND ASSOCIATION

BULGARIA.

CURRENT QUESTIONS.

The Central Co-operative Bank of Bulgaria.

Sources :

"Government Messenger" of 17th December, 1910 (O. S.). Sofia.

Law of 17th February, 1907 on Co-operative Societies, Sofia, 1908.

"Bulletin of the Central Co-operative Bank of Bulgaria" No 19. Sofia.

"Mutuality" nos. 18, 19, 20, 21, - 1910, and 7, 8, 13, 14, 15, 16, - 1911.

Report of the General Federation of Agricultural Co-operative Societies of Bulgaria, Sofia, 1909.

In the last number of the Bulletin of Economic and Social Intelligence, we spoke of the Rural Banks in Bulgaria (1). To supplement what was said in it we shall now publish the text of the law of 17th. December, 1910 (O. S.), creating the Central Co-operative Bank in Bulgaria, adding to it some remarks on the new institution which, without doubt, will give a vigorous incentive to the development of co-operative credit in this country.

§ 1. — *Functions of the Bank.*

In Bulgaria, the rural credit banks are of rather recent origin, since the first efforts for their institution do not date from before 1897. However, they have developed very rapidly, so that there are now about 800 Banks of Raiffeisen type.

(1) See *Bulletin* of Economic and Social Intelligence, January, 1912, pp. 47 et seqq.

Up to the present it was the Agricultural Bank of Bulgaria chiefly that supplied the rural banks with funds. It also instituted special courses for the encouragement of technical instruction among the managers of the Raiffeisen Banks and established a special bureau at its head office for the control of the rural banks and the encouragement of their development (1). The National Bank of Bulgaria also concerned itself with the relief of the needs of the rural classes, either directly, by discounting the farmers' bills, or indirectly, by advancing funds to the Agricultural Bank.

The new Central Co-operative Bank is a specialised body, in the foundation of which two institutes are concerned, and which is intended to substitute them in all the operations they have up to the present conducted with co-operative societies and more especially with rural banks. The head offices and branches of the two pre-existing banks will act as ordinary correspondents for the new institute.

Further, the new Bank is intended also to favour the development of mutual insurance. The Bulgarian Government has recently taken steps for the development of agricultural insurance, founding by law of 26th. December, 1910 (O. S.), a State institute for mutual hail and cattle insurance (2). The law entrusts its management to the new Central Co-operative Bank.

It will open a special current account for the banking service of the Institute and will provide for the payment of claims for losses through the branches of the Agricultural Bank of Bulgaria, its ordinary correspondent. It is bound to perform the bank service for the Institute gratuitously, and it will receive on the other hand a small premium on the amounts insured (art. 18 and 19 of the law above mentioned.)

In this way, the Insurance Institute, while preserving its independence, both as to its civil personality and its own liability, and in all that regards its management and its accounts (see articles 7 and 20 of the law we publish), may realise an appreciable saving in its working expenses.

Finally, important functions of control and inspection of the co-operative societies and the federations of co-operative societies are assigned to the new bank.

Previously the inspection of the co-operative societies was entirely regulated by the law of 17th. February, 1907. Whilst this law recognises the inspection performed by the federations, it accorded the same right to the Agricultural Bank in the case of all the co-operative societies that might resort to it to obtain credit. The rural banks were thus subject to a double control, which gave rise to considerable difficulties when the

(1) See *Bulletin of Social and Economic Intelligence* of 30th June, 1911, p. 189.

(2) *Ibid.* of 30th, October, 1911, p. 120.

requirements of the two administrations charged with their inspection clashed.

The institution of the Central Co-operative Bank and the promulgation of the new law on co-operative societies, published in the "Government Messenger," of 4th. March, 1911, (O. S.) removed all possibility of differences.

The Bank has now the exclusive right of control and inspection of all the co-operative societies or federations of co-operative societies affiliated to it, so that previous to any modification of their rules, they must obtain its approval (Arts. 13 and 14 of the law we publish).

§ 2. *Organization of the Bank.*

The Bank is of mixed character ; in fact, on the one hand, two State Bank Institutions (the National Bank and the Agricultural Bank of Bulgaria), which the law designates as *foundation members*, and which are bound to pay up a total contribution of 5 million levas, contribute to its foundation ; but, on the other hand, in order to be allowed to do credit business with the Bank, the co-operative societies concerned must themselves be registered as *ordinary members*, undertaking to pay subscriptions of the same amount, namely, 100 levas (art. 5 of the law). Special provisions aim at preventing the Bank shares becoming an object of speculation, the maximum dividend the members may receive is limited to 4 % for foundation members and 5 % for ordinary members.

The position of the two classes of members also is different as regards their liability for the engagements of the Bank, since the liability of the first is limited to the amount of their contribution, whilst the latter are liable to five times the nominal amount of their subscribed shares (*quotes parts*).

The Bank is authorized to issue bonds to a very large amount, that is, for an amount equal to ten times the special guarantee fund instituted for this end.

The foundation members will contribute to the formation of this guarantee fund with an initial payment of a million levas to which every year will be added a fixed proportion of the profits for that year (art. 34 of the law).

The Bank is exclusively intended to conduct personal credit business operations with co-operative societies or federations of co-operative societies. The law authorizes it, in addition to its banking operations, properly so called, also to organize public auctions for the account of the co-operative societies and to organize and work general warehouses.

The Management of the Bank is under the direct control of the State. The Minister of Finance has the right of chief supervision over the operations of the Bank and he may put his *veto* on those he considers contrary to law or public interest. The appointment of the superior officers of the Bank is also reserved to the Government. The Superior Council and the Examining Committee of the Bank are composed of representatives appointed by the Departments of Finance and Agriculture, the two founding bank institutes and the ordinary members' meeting. However, the latter, can exert only a limited influence on the Management. Their representatives are in fact in the minority in both Councils, and the votes of the general meeting of ordinary members are only considered as recommendations. In fact, the shares paid up by the ordinary members only form a small part of the capital of the Bank. On the contrary, the State has a preponderating interest in its management, since two State Banks provide the largest part of its funds.

§ 3. Action of the Bank.

The Bank commenced working on the 18th. March, 1911 (O. S).

The rate of interest asked by the Bank on its credit operations was $6\frac{1}{2}$ % for loans to co-operative societies and 6 % for loans to federations doing a total business with the Bank of at least one million per year.

The rate of interest paid by the Bank to depositors differed according to the class of deposits and the kind of customers. It thus gave interest varying from 4 to 5 % on deposits for a term ; but on deposits repayable on demand $4\frac{1}{2}$ to federations, 4 % to co-operative societies and 3 % to private persons.

The following figures for the most important credit and debit items are reproduced from the financial statement of the Bank on the 31st. October, 1911 (O.S).

| | | |
|---|-----------|-------|
| Shares subscribed by ordinary members | 84,700 | levas |
| Still to be paid up | 64,855 | „ |
| Amount of deposits | 532,157 | „ |
| Securities and Bills in Deposit | 1,678,813 | „ |
| Loans in Current Account | 536,899 | „ |
| Long Term Loans | 169,700 | „ |
| Bills and Acceptances | 1,527,735 | „ |
| Bills for cashing | 172,471 | „ |

The large amount of deposits and bills is explained by the fact that they serve as guarantee for the loans. It appears from the statements published up to the present that the Bank has not yet made use of the right to grant loans on security of agricultural produce or implements.

The first working year of the Bank closed on 31st. December, 1911(O.S).

Law on the Central Co-operative Bank of Bulgaria.

anctioned by Ukase No. 71, published in the "Government Messenger" of 17th. December; 1910 (O. S.) No. 276.

PART I.

Object and Composition.

Art. 1. With the object of directing and developing the rural and urban co-operative associations, satisfying their credit requirements and encouraging the development of insurance societies under the co-operative form, a public establishment shall be founded, to bear the name of the Central Co-operative Bank of Bulgaria.

Art. 2. The headquarters of the Central Co-operative Bank of Bulgaria shall be at Sofia.

The National Bank and the Agricultural Bank of Bulgaria shall serve as representatives and correspondents for this Bank in the other parts of the Kingdom.

The services rendered by these correspondents shall be gratuitous.

Art. 3. The Central Co-operative Bank of Bulgaria shall have two classes of members: foundation members and ordinary members.

The foundation members shall be the National Bank and the Agricultural Bank of Bulgaria. They shall supply the Bank with its initial capital.

The ordinary members shall be all the associations or unions of associations either rural or urban that have been admitted as such and share in the capital of the Bank by subscription of personal shares (*parts*).

Art. 4. As ordinary members shall be admitted the co-operative associations or unions of associations, constituted and registered in conformity with the Law on co-operative associations.

They can only be admitted on the decision of the general meeting of members of the special association or of the union.

The associations making part of a union which is itself a member of the Central Co-operative Bank of Bulgaria, cannot at the same time be members of the latter.

Art. 5. Any association which does not make part of a co-operative union must, on entrance, subscribe two 100 leva shares at least. It may pay them in one sum or in instalments.

Every union affiliated to the Co-operative Bank of Bulgaria must subscribe at least as many shares (*parts*) as there are associations in the union.

Art. 6. The admission of associations or unions as ordinary members of the co-operative Bank shall be entered on the commercial register of the competent tribunal.

Art. 7. Neither co-operative insurance associations, nor persons who have made an insurance contract through the medium of the insurance departments of the Bank shall be considered as ordinary members.

The Central Co-operative Bank of Bulgaria, entrusted with the service of the Co-operative Insurance Societies, shall not guarantee its insurance business out of its own funds.

The relations of the Bank with the insurance societies and co-operative associations shall be defined in the laws specially passed on the subject. The management of the insurance societies themselves must be in conformity with the provisions of the special laws and regulations relating to them.

PART II.

Capital and Operations.

Art. 8. The initial capital of the Central Co-operative Bank of Bulgaria shall be unlimited.

It shall include :

- (a) The subscriptions of the foundation members of the Bank ;
- (b) The personal shares of the ordinary members of the Bank ;
- (c) The bond guarantee fund.

The National Bank and the Agricultural Bank of Bulgaria shall, in the first place, pay as foundation members, two and a half million levas each, or altogether five millions out of their own reserve funds.

Art. 9. The Central Co-operative Bank of Bulgaria shall perform the following operations ;

(1) it shall discount bills of exchange and bills to order, and securities issued or guaranteed by the State together with their coupons, on behalf of the associations and unions of associations ;

(2) it shall open current accounts for associations and unions on deposit of bills or securities issued or guaranteed by the State.

(3) it shall make loans on the security of agricultural and various trade implements, machines or produce ;

(4) it shall open current accounts on deposits or special certificates of deposit ;

(5) it shall distribute the loans of the associations and unions of associations by virtue of a deed authorizing it to issue bonds ;

(6) it shall receive deposits for a term, with or without capitalisation of interest, as well as deposits withdrawable on demand and shall open savings bank accounts ;

(7) it shall get its bills and acceptances rediscounted and shall place them in deposit ;

(8) it shall issue bonds at interest and extinguishable in instalments according to lot. The claims of the associations against their own members shall be transferred to it ;

(9) it shall organize or contribute to organize public purchase or sale on behalf of the associations and unions ;

(10) it shall maintain general warehouses for its own account or for that of the unions ;

(11) it shall buy and sell for others' account negotiable papers quoted on the Exchange. It shall buy for its own account the securities issued or guaranteed by the State, for the formation of its reserve fund and bond funds ;

(12) it shall buy and sell real and personal estate exclusively for its own requirements ;

The Central Co-operative Bank of Bulgaria shall only perform the operations contemplated in paragraphs 1, 2, 3, 5, 9 and 10 for its own members.

Art. 10. The bonds issued in virtue of paragraph 8 of the preceding article shall be guaranteed independently of the securities themselves by a special guarantee fund. This fund which must amount for the moment to a million of levas, shall be paid gratuitously by the foundation members, who shall each deduct it from their reserve funds.

In any case the total nominal amount of bonds put in circulation must not exceed ten times the bond fund.

PART III.

Members' Rights and Obligations.

Art. 11. The National Bank and the Agricultural Bank of Bulgaria shall be liable for the engagements of the Central Co-operative Bank as foundation members of the Bank, but only to the extent of their contributions.

They may not receive a dividend of more than 4 % of their contributions, out of the profits of the Co-operative Central Bank.

Art. 12. The ordinary members shall be liable for the engagements of the Bank up to five times the nominal amount of the shares (*parts*) they have subscribed.

They may not receive a dividend of more than 5 %.

Art. 13. The Central Co-operative Bank of Bulgaria shall have right of control and supervision over all its ordinary members.

It shall exercise all the rights of control that the Popular Bank and the Agricultural Bank of Bulgaria possess, in virtue of art. 70 of the law on co-operative associations.

Art. 14. The associations and unions may not modify their rules after having been admitted as ordinary members of the Bank, without the consent of the latter.

Art. 15. The Bank may expel ordinary members as also any ordinary member may retire.

In the latter case a decision of the general meeting of the members of the association shall be required.

The grounds for expulsion as well as the term fixed for retirement shall be determined by the rules of the Bank.

Yet this term may in no case exceed a year.

Expulsions and retirements shall be entered on the commercial register of the competent tribunal.

Art. 16. If any expelled or retiring association remains in debt to the Central Co-operative Bank of Bulgaria, the latter may immediately enforce payment or exact surety to guarantee it.

Art. 17. The Central Co-operative Bank of Bulgaria shall have the right to retain all amounts, drafts or securities, placed with it by its own members at any date for any purpose. It may exercise this right, either as *de facto* possessor or by virtue of a preference granted to it, without having to recur to judicial execution or any other intervention.

The sale of securities thus retained shall be effected through the medium of the Bank.

PART IV.

Organization and Administration.

Art. 18. The Administration of the Central Co-operative Bank of Bulgaria shall be conducted by the Management, the Superior Council, the Examining Committee, and the Meeting of the delegates of the ordinary members.

Art. 19. The Management shall be composed of a Manager and two Administrators.

The Manager and the Administrators shall form the Board of Management of the Bank.

Art. 20. The Management shall be divided into two divisions: the one for credit, the other for insurance. Each shall keep its own books and each shall have its own divisions, bureaux, staff of service and inspection necessary in conformity with the table accompanying the present law.

All the officers and employees of the Central Co-operative Bank of Bulgaria must satisfy the established economic conditions. They shall be considered as State functionaries and enjoy the same rights as the latter.

Art. 21. The Manager and the Administrators shall be appointed by Ukase on presentation of the Minister of Finance and dismissed by Ukase on the authorization of the National Parliament (*Sobranje*).

All other officers shall be appointed and dismissed by the Manager, on the decision of the Board of Management. The employees shall be appointed and dismissed by the Manager.

Art. 22. The Manager shall represent the Central Co-operative Bank of Bulgaria with the State administrations and the various public bodies.

He shall exert a general control over the administration and operations of the Bank and supervise the carrying out of the laws and regulations governing it.

Art. 23. The Board of Management shall, on the proposal of the Manager, examine and decide all matters within its competence that no other authority is called upon to discuss and solve according to the provisions of the Charter or the present law.

In case of disagreement between the Manager and the other members of the Board, the matter shall be brought by the Manager before the superior Council, the decision of which shall be final.

The execution of the decision of the Board of Management shall be delayed until the Superior Council shall have given judgment.

Art. 24. The Superior Council shall be composed of seven members: one appointed by the Minister of Finance, one by the Minister of Commerce and Agriculture, three elected by the meeting of the delegates of the ordinary members and two forming part of the Superior Council by virtue of office, namely, the Manager of the National Bank of Bulgaria, and that of the Agricultural Bank, or when necessary, their delegates.

Of the three members elected by the Superior Council, two shall be chosen by the delegates of the rural associations and the third by the delegates of the urban associations.

The President and the Vice President of the Superior Council shall be chosen by the Council itself from among its own members. The election shall be ratified by the Minister of Finance.

Art. 25. The mandate of the elected members shall be for a year. It may however be renewed.

The members of the Superior Council who are not officers shall receive allowances per session, fixed by the charter of the Bank.

Art. 26. It shall belong to the Superior Council :

(1) to discuss the charter of the Bank or its modifications, as well as specially important provisions, such as the maximum of the loans, their guarantee and maturity, rate of discount and interest.

(2) to decide with regard to the provisions relating to the conditions for deposits ;

(3) to examine the list and the conditions of issue or extinction of bonds ;

(4) to decide with regard to the investment, in accordance with their intention, of the bond fund and reserve fund, as well as of the funds and subsidies paid by the State for insurance operations.

(5) to pass the financial statement and accounts of the Bank and to relieve the members of the Board of Management of their liability for the previous financial year.

All other general provisions and instructions for the staff shall be, however, communicated to the Superior Board, as soon as they are approved by the Management.

The Council may of its own initiative draw the attention of the Manager to the imperfections or omissions in these provisions and instructions and ask that they may be modified or completed

Art. 27. The decisions of the Superior Council with regard to the matters enumerated in paragraphs 1, 2, 3, 4 and 5 of the preceding article, must be approved by the Minister of Finance.

Art. 28. The Examining Committee shall consist of five members ; one appointed by the Minister of Finance, one by the National Bank and one by the Agricultural Bank of Bulgaria, and two elected by the Congress of delegates of the ordinary members.

Art. 29. This Committee shall examine all the operations, business and papers of the Bank for the previous year as well as the Balance Sheet and Profit and Loss Account at the end of the year. On all these matters it shall draft a report for the Superior Council.

If in the course of the year the Examining Committee observes serious irregularities or malversations it shall immediately report them to the President of the Superior Council, who shall communicate the report to the Minister of Finance together with his own opinion.

Art. 30. The mandate of the elected members of the Examining Committee shall be for a year.

It may be renewed

The allowance the elected members of the Examining Committee shall receive shall be laid down in the Charter of the Bank.

Art. 31. The representatives of the ordinary members in the Superior Council and in the Examining Committee, mentioned in arts. 24 and 28 of the present law, shall be elected at the annual meeting of the delegates of all the associations affiliated to the Bank. For this purpose the meeting shall be divided into two divisions : one shall consist of the delegates of the rural associations and the other of those of the urban associations.

Each association shall have only one vote, but the unions shall have as many votes as they represent associations.

The meeting shall be called and presided over by the President of the Superior Council, before this Council has given opinion on the Bank accounts and the report of the Examining Committee.

After hearing the report of the President on the working of the Bank, it shall deal with the matters entered on the agenda.

Except for the election of the representatives to the Superior Council and the Examining Committee, the votes passed at the meeting upon the operations of the Bank shall have purely consultative force in all that regards the working of the Bank as described in the present law.

A special regulation, prepared by the Superior Council and approved by the Minister of Finance, shall determine in detail the mode of election of the delegates as well as the competence and the internal regulation of the meeting.

Art. 32. The Central Co-operative Bank of Bulgaria shall be placed under the supreme control of the State, exerted by the Minister of Finance. The Minister may, after hearing the opinion of the Superior Council, quash any decision or stop any operation of the Bank which would be contrary to the laws and regulations or would be injurious to the public interests of the country.

Matters affecting the working of the insurance divisions of the Central Co-operative Bank of Bulgaria and coming within the province of other ministerial departments, in virtue of special laws, shall be subjected by the Minister of Finance to the examination and decision of the competent ministers.

PART V.

Profits and Balance.

Art. 33. The Working Year of the Central Co-operative Bank of Bulgaria shall commence on the 1st. January (O. S) and end on the 31st. December (O. S).

Art. 34. The net annual profits on the Bank's operations shall be distributed as follows :

10 % to the reserve fund ;

10 % to the guarantee fund for bonds ;

3 %, in proportional amounts, to the officers and employees of the Bank.

The rest of the net profits shall be divided, as dividend, in repayment of the capital paid up by the National Bank and the Agricultural Bank of Bulgaria, and the shares of the ordinary members.

The dividend to the ordinary members shall only be paid after full payment made of the dividends to the National Bank and the Agricultural Bank of Bulgaria.

If, after distribution of the maximum dividend on ordinary members' shares, there still remains an available surplus, this should be placed half to the reserve fund and half to the guarantee fund.

Art. 35. The monthly balance sheets of the Central Co-operative Bank of Bulgaria shall be published in the "Government Messenger". The annual accounts of the Bank shall also be inserted in it.

PART VI.

Special Rights and Privileges.

Art. 36. In all business of legal or administrative character, the Central Co-operative Bank of Bulgaria and its ordinary members shall be represented by the correspondents of the Bank, that is, by the National Bank and the Agricultural Bank of Bulgaria.

Art. 37. Bills remaining unpaid by the co-operative associations affiliated to the Bank shall bear interest at a fixed rate, even when they have not been protested.

Art. 38. Abstracts and copies of the acts of the Central Co-operative Bank of Bulgaria shall be producible as public evidence.

Art. 39. All credits of the Central Co-operative Bank of Bulgaria or of its ordinary members shall give course to the executory measures provided for in art. 818, paragraph 7, of the Code of Civil Procedure.

Art. 40. During the first three years from its foundation, the Central Co-operative Bank of Bulgaria shall be exempted from all State dues and taxes, of whatever nature, for its ordinary and registered correspondence, its despatches of money and its telegraphic and telephonic communications.

Besides this, all acts and documents emanating from the State or the public establishments, required for the conclusion of loans with ordinary members of the Bank, shall be exempted from all stamp dues of any kind, and any other tax or payment.

PART VII.

Temporary and Permanent Deposits.

Art. 41. During the first working year from the foundation of the Bank, the Superior Council and the Examining Committee shall only consist of the nominated members and those forming part of the Superior Council by right of office.

Art. 42. In the six months following the date of the opening of the Central Co-operative Bank of Bulgaria, the rural or urban co-operative associations to which the National Bank and the Agricultural Bank of Bulgaria have up to then given credit must decide if they will enter or not as ordinary members of the Central Co-operative Bank of Bulgaria.

On the expiration of this period, the National Bank and the Agricultural Bank shall cease to give credit to the co-operative associations. This service shall pass entirely and *ipso jure* to the Central Co-operative Bank of Bulgaria.

Art. 43. The claims of the National Bank and the Agricultural Bank of Bulgaria against the rural or urban co-operative societies which have been admitted as members of the Central Co-operative Bank shall pass *ipso jure* to the latter, which shall undertake their recovery. On the other hand, claims of the National Bank and the Agricultural Bank of Bulgaria against the co-operative societies which, on the expiration of the above period of six months, shall not have been admitted, or generally shall not have become members of the Central Co-operative Bank shall be recoverable within an additional period of six months, and shall be recovered by the National Bank or the Agricultural Bank, respectively.

Art. 44. The initial capital subscribed by the National Bank and the Agricultural Bank of Bulgaria as foundation members, as well as the bond funds, shall be paid into the Central Co-operative Bank in proportion to its needs and its requirements.

Art. 45. The Central Co-operative Bank of Bulgaria shall be considered open from the day on which the Superior Council and Board of Management give notice of it through the medium of the "Government Messenger" and other papers, if need be.

Art. 46. The Management shall prepare the necessary regulations for the completion of the present law. They shall be examined by the Superior Council and approved by the Minister of Finance.

Art. 47. The present law shall come into force on 1st. January, 1911 (O.S.).

By this law, the law of 16th. February, 1907 (O. S) on industrial credit through the medium of the National Bank of Bulgaria and all other laws and provisions contrary to itself are abrogated.

CO-OPERATION AND ASSOCIATION

SPAIN.

CURRENT QUESTIONS.

Agricultural Organisation in Spain.

The following article is abridged from a study that will be found in full in the second volume of the "Monographs on Agricultural Co-operation". We have limited ourselves to the suppression, in the case of each class of associations, of those groups the description of which served very well for illustration, but were not absolutely indispensable.

Sources:

. Official Publications :

Preparación de las bases para un proyecto de ley de accidentes de trabajo en la agricultura, 1908 (*Preparation of the Bases for a Bill on Accidents in Agricultural Labour*, 1908). Publication of the Social Reforms Institute, 1908.

Memoria acerca de la información agraria en ambas Castillas (*Annals of Agricultural Information in the two Castilles*). Publication of the Social Reforms Institute, 1907.

Count de RIETAMORO : Memoria que eleva al Gobierno de S.M. en cumplimiento de lo dispuesto por ley de 23 de Enero de 1906 el Delegado Regio C. de R. Junio de 1908 (*Memoir presented to His Majesty's Government, in Execution of the Provisions of the Law of 23rd. Jannary, 1906 by the Royal Delegate, C. de R. June, 1908*). Publication of the Royal Delegation de Pósitos, 1908.

Colección legislativa forestal de 1900-1908 (*Forestry Code of 1900-1908*) Ministerial Department of Agriculture 1905-08.

Estadística de la Asociación obrera en 1º de Noviembre de 1904 formada por la Sección 3ª Técnico administrativa (*Statistics of Workmen's Association, 1st November, 1904, compiled by the 3rd. Technical and Administrative Division*). Publication of the Social Reforms Institute.

Estadística de las instituciones de ahorro, cooperación y provisión en 1º Noviembre de 1904 formada por la Sección 3ª Técnico-Administrativa (*Statistics of the Savings, Co-operation and Thrift Institutions on 1st. November, 1904 compiled by the 3rd Technical and Administrative Division*) Social Reforms Institute.

- D. JOSÉ MARIA ZORITA : Los Pósitos en España. Memoria presentada al Gobierno de S. M. por el Delegado Regio. Madrid, 1907 (*The Pósitos in Spain. Memoir presented to His Majesty's Government by the Royal Delegate. Madrid, 1907*)
- Relación de los expedientes de Sindicatos agrícolas ingresados durante el año de 1908, en el Ministerio del Fomento, Madrid, 1909 (*List of Agricultural Syndicates, Registered in the Year, 1908, at the Ministerial Department of Agriculture, Madrid, 1909*)
- Idem, 1909. Madrid, 1910.
- El regadío en España. Madrid, 1904 (*Irrigation in Spain. Madrid 1904*). Ministerial Department of Agriculture, Industry, Commerce and Public Works.
- Memoria sobre el proyecto de ley de conservación de montes y repoblación forestal. Madrid, 1908 (*Memoir on the Bill for the Protection of Mountains and Reafforestation, Madrid. 1908*). Publication of the Ministerial Department of Agriculture.
- Ley vigente sobre "Pósitos" y recopilación de las disposiciones dictadas por la Delegación Regia desde Junio 1906 hasta 7 Enero 1908. Madrid, 1908. (*Law in Force upon "Pósitos" and the Compilation of the Provisions approved by the Royal Delegation of 7th. June, 1906 7th January, 1908. Madrid, 1908*). Publication of the Royal Delegation of Pósitos.
- D. FERMIN CALHETON : Apuntes para el estudio del proyecto de ley de Crédito agrario. Madrid, 1910 (*Notes for the Study of the Agricultural Credit Bill. Madrid, 1910*). Publication of the Ministerial Department of Agriculture.

II. Other Publications :

- VIZCONDE DE EZA: Proyecto de ley de Fomento del Crédito agrícola cultural. 1 vol. Madrid, 1909 (*Bill for the Encouragement of Agricultural Credit, 1 vol. Madrid, 1909*). Publication of the Spanish Farmers' Association.
- Cajas rurales. Llamamiento del Instituto a los agricultores catalanes. 1 vol. Barcelona, 1906. (*Rural Banks. Appeal of the Institute to the Catalan Farmers. 1 vol. Barcelona, 1906*) Publication of the Catalan Agricultural Institute of San Isidro.
- RAFAEL RAMOS : El crédito agrícola. Cajas rurales de préstamos. 2 vol. Cartagena, 1903 (*Agricultural Credit. Rural Loan Banks. 2 vols. Cartagena, 1903*).
- LE SOC : Sindicatos agrícolas. Vademecum del propagandista. 1 vol. Zaragoza, 1909 (*Agricultural Syndicates. Propagandists, Vademecum 1 vol. Saragossa, 1909*).
- D. LUIS REDONET Y LOPEZ-DÓRIGA : Crédito agrícola. 1 vol. 2ª edición Madrid, 1905 (*Agricultural Credit. 1 vol. 2nd. Edition. Madrid, 1905*).
- RIVAS MORENO : Las cajas rurales. El crédito agrícola. La cooperación. El ahorro. El problema agrario. 1 vol. Valencia, 1904 (*Rural Banks. Agricultural Credit. Co-operation. Savings. The Agricultural Problem. 1 vol. Valencia, 1904*).
- Prof. AMANDO CASTROVIEJO : La cooperación en la agricultura. 1 vol. Sevilla, 1909 (*Co-operation in Agriculture*).
- RIVAS MORENO: Secherías y queserías cooperativas. Seguro del ganado. 1 vol. Valencia, 1905. (*Co-operative Dairies and Cheese Factories. Cattle Insurance*).
- P. LUIS CHALBAND Y ERRASQUIN : Sindicatos y Cajas rurales. Barcelona, 1909 (*Syndicates and Rural Banks. Barcelona, 1909*).
- EUGÈNE ROCHETIN : Les Institutions de prévoyance et d'assurance sociale en Espagne (*Spanish Thrift and Social Insurance Institutes*) "Revue Politique et Parlementaire", No. 138 10th. December, 1905.

- ANGEL MARVAUD : La coopération et le crédit agricole en Espagne. (*Co-operation and Agricultural Credit in Spain*) "Revue Economique Internationale", No. 3. 15th. to 20th. December, 1907.
- La question sociale en Espagne (*The Social Problem in Spain*) Paris, 1910.
- HENRI LORIN : Les conditions du travail rural en Andalousie (Conditions of Rural Labour in Andalusia) Paris, 1905. The « Musée Social ». August, 1905.
- NARCISO NOGUER: Fundación y desenvolvimiento de las Cajas rurales de Raiffeisen. "*Foundation and Development of the Raiffeisen Rural Banks in Spain*". « The Social Movement ». Rheims, January, 1911.
- GONZÁLES Y GIMÉNEZ : Pósitos. Reintegración voluntaria y ejecutiva. Madrid, 1910. (*Pósitos. Legal and Spontaneous Restitution. Madrid, 1910*).
- ALVARO LÓPEZ NUÑEZ : El seguro obrero en España. Madrid, 1908. (*Workmen's Insurance in Spain. Madrid, 1908*).
- RIVAS MORENO : Cajas rurales y Sindicatos agrícolas. Madrid, 1910. (*Rural Banks and Agricultural Syndicates. Madrid, 1910*).
- La Mutualidad y los asalariados. Valencia, 1909 (*The Mutual System and Wage Earners Valencia, 1909*).
- MATTEO PUYAL LALAGUNA : Mutualidad. - II. El seguro del ganado Zaragoza, 1908 (*Mutuality - II Cattle Insurance. Saragossa, 1908*).
- RIVAS MORENO : Panaderías y Carnicerías cooperativas. Barcelona, 1910 (*Co-operative Bakeries and Slaughterhouses*).
- BALDOMERO MARTINEZ : Almanaque del Seguro 1909 (*Insurance Almanac 1909*) Barcelona.
- OCTAVIO MARTINEZ Y CAYNELA : Almanaque del Seguro, 1910 (*Insurance Almanac, 1910*) Barcelona.
- OCTAVIO MARTINEZ Y CAYNELA : Almanaque del Seguro, 1911 (*Insurance Almanac, 1911*). Barcelona.
- JOSÉ ELIAS DE MOLINS : El Crédito agrícola y las Cajas rurales. Barcelona, 1910 (*Agricultural Credit and the Rural Banks. Barcelona. 1910*).

§ 1. Agricultural Credit.

(a) The "Pósitos".

The *Pósitos* or communal granaries are characteristic institutions of Spain dating from the 16th. century and resembling the Portuguese *Celteiros*. In these establishments a certain quantity of grain was kept in stock for the farmers, for sowing or for consumption, in case of drought or public need.

Ferdinand and Isabella especially encouraged these institutions, and under the reign of Philip II the "Pósitos" were regulated for the first time.

In the course of centuries they have been often modified. Last of all in the law of 23rd. January, 1906, attempt was made to modernise

them by promoting their transformation into Rural Banks and Agricultural Banks.

According to this law, the Minister of Agriculture is charged with the service of the organisation of the *pósitos*. A delegate, appointed by him had very extensive powers. He might be assisted by *Permanent Commissions* of which he was President, the rôle of which was confined to discussion. These Commissions, however, were suppressed by the decree of 16th. May 1907. Besides the inspectors mentioned in the text of the law, this delegate is authorized to engage the persons necessary for the service entrusted to him, appointing them on his own authority. He proceeds at law against anyone guilty of any crime against the *pósitos*.

With regard to the transformation of the mission of the *pósitos*, the law declares : " The *pósitos* shall still be considered as such, even if they do not limit themselves to loans of seeds, but also grant loans in money acting thus as Rural Loan and Credit Banks, or if they facilitate the acquisition of implements, machinery, plants, manure, cattle, breeding stock or any other thing whatever serviceable in agriculture.

They may also accept seeds in deposit and advance on such deposits amounts not exceeding 50 % of their value, taking into account in this operation the interest fixed for loans in money."

It has even been attempted to found *new pósitos* and to encourage the transformation into *pósitos* of other already existing institutions, such as benevolent institutions, loan and savings banks, etc., with the object of allowing the latter to profit by the advantages the law offers these institutions.

The Count de Retamoro, Royal delegate attached to the Royal Delegation of the *pósitos*, proposed this change and he has even published model rules for the organization of *pósitos* of new creation.

According to these rules, the object of the *pósitos* is to procure their members the funds they require for their farmwork as well as to allow of the same members finding remunerative investment for their savings.

In contrast to what is the case in the *pósitos* of ancient foundation, the capital of those of recent creation will include : an initial capital the amount of which will be fixed by the Royal Delegation of the *Pósitos*, to which will be added members' contributions, State, Provincial and Municipal subventions, donations or bequests from private persons, and the profits realised by the society in its work.

Loans are only granted to members and on condition that the sum lent be intended for agricultural work, and on the member giving personal or real security.

For recovery of loans, the management will have the same right of action as the Public Finance Department has against its debtors. After a period of 15 years the debt is extinguished by prescription.

In conformity with the law of 23rd. January, 1906, and on the basis of the model rules just mentioned, provision is being made for the foundation of a large number of *pósitos*. Recently, in order to dispel any shadow of doubt with regard to their fiscal régime, the Minister of Finance, at the request of the Royal Delegation of *pósitos*, has issued a Royal Order relieving the profits made by the *pósitos* from all taxation.

Finally, it has been attempted to improve the economic condition of these institutions, by encouraging in every way the conversion into money of everything the *pósitos* possess in kind, whether seeds, revenue bonds, rents, town and country property, credits against the State, the Provinces and the Municipalities. The results obtained from this conversion amounted:

| | | |
|------|--|------------------------------------|
| from | 23rd. January, 1906 to 30th. April, 1908 | to pesetas 2,870,833.29 |
| „ | 1st. May, 1908 to December, 1908 | to „ 966,763.72 |
| | | <hr/> |
| | | or a total of pesetas 3,837,597.01 |

But serious difficulties at first interfered ; such as resistance on the part of the commissions, and various obstacles hindering the settlement.

These operations now very actively directed will succeed in realising the very advantageous transformation of the *pósitos* into Rural Banks or Agricultural Banks. To show the present state of activity and prosperity of the 3,520 *pósitos* existing on the 30th. June, 1910, we reproduce in the following table the Statistics Señor Firmin Calbeton, Ex. Minister of Agriculture, gives in his book.

Capital of the Pósitos on 30th. June 1910, per Province.

| Provinces | Debts — Pesetas | Cash in Hand — Pesetas | Stock — Pesetas | Total — Pesetas |
|--------------------|-----------------------|------------------------------|-----------------------|-----------------------|
| Albacete | 574,096.45 | 97,235.62 | 105,742.68 | 769,074.75 |
| Alicante | 402,368.84 | 54,096.11 | 26,602.73 | 483,067.58 |
| Almería | 3,175,056.51 | 152,630.85 | 327,841.99 | 3,655,529.35 |
| Ávila | 625,281.46 | 84,628.11 | 12,815.21 | 722,724.78 |
| Badajoz | 884,755.34 | 18,856.86 | 105,168.39 | 1,088,780.59 |
| Burgos | 641,737.54 | 113,355.18 | 7,999.76 | 763,092.48 |
| Cáceres | 1,073,130.61 | 109,860.47 | 10,195.50 | 1,193,186.58 |
| Cádiz | 4,544,114.57 | 138,666.58 | 300,947.92 | 4,983,729.07 |
| Castellón | 766,264.74 | 342,474.55 | 7,304.80 | 1,116,044.09 |
| Canaries | 1,677,313.95 | 97,784.73 | 127,809.55 | 1,902,908.23 |
| Ciudad Real . . | 1,692,267.01 | 54,893.15 | 215,685.61 | 1,962,845.77 |
| Córdoba | 10,001,115.44 | 362,561.68 | 1,719,928.57 | 12,083,505.69 |
| Cuenca | 1,004,796.97 | 144,202.58 | 90,854.28 | 1,239,853.83 |
| Granada | 5,909,840.80 | 127,789.17 | 478,941.45 | 6,516,571.42 |
| Guadalajara . . | 1,155,345.90 | 311,375.86 | 77,921.72 | 1,544,643.48 |
| Huelva | 1,283,175.70 | 90,592.32 | 113,576.51 | 1,487,344.53 |
| Huesca | 927,966.67 | 57,556.70 | 4,111.30 | 989,634.67 |
| Jaén | 9,707,657.05 | 159,761.41 | 242,591.64 | 10,110,010.10 |
| Léon | 358,273.51 | 160,641.00 | 63,983.76 | 582,998.27 |
| Lérida | 944,350.60 | 22,497.96 | 30,000.00 | 996,848.56 |
| Logroño | 423,951.18 | 142,421.27 | 5,840.00 | 572,212.45 |
| Madrid | 181,184.75 | 53,818.25 | 89,139.95 | 324,142.95 |
| Malaga | 8,300,105.46 | 135,025.74 | 346,156.95 | 8,781,288.15 |
| Murcia | 1,162,542.53 | 37,644.74 | 106,000.24 | 1,306,187.51 |
| Palencia | 2,152,135.52 | 834,160.00 | 117,676.73 | 3,103,972.25 |
| Salamanca . . . | 1,884,358.97 | 29,571.36 | 156,476.04 | 2,070,406.37 |
| Ségovia | 1,452,586.52 | 379,607.63 | 41,943.57 | 1,874,137.72 |
| Séville | 9,153,136.45 | 318,858.52 | 913,505.32 | 10,390,500.29 |
| Soria | 834,549.92 | 172,164.92 | 7,228.17 | 1,013,943.01 |
| Teruel | 317,894.64 | 287,937.48 | 37,922.09 | 643,754.21 |
| Toledo | 1,418,890.98 | 218,063.73 | 80,466.34 | 1,717,421.05 |
| Valencia | 2,048,305.90 | 247,553.99 | 21,383.29 | 2,317,243.18 |
| Valladolid . . . | 1,095,003.59 | 277,079.76 | 19,483.12 | 1,391,566.47 |
| Zamora | 368,260.81 | 49,436.50 | 2,097.25 | 410,794.56 |
| Satagossa | 546,510.54 | 46,098.21 | 94,760.74 | 687,369.89 |
| Total | 78,693,327.72 | 5,903,902.99 | 6,110,103.17 | 90,707,333.88 |

(1) FIRMIN CALBETON: *Apuntes para el estudio del Proyecto de Ley de Crédito Agrario*, Madrid, 1910, Imp. de los hijos de M. G. Hernandez, (Study on the Agricultural Credit Bill.)

(b) *Rural Banks.*

Co-operative credit is comparatively a new thing in Spain. Its origin is especially due to the constant propaganda of Señors Diaz de Rabago, Rivas Moreno, Fontes, P. Vicente, Viscount D'Eza, Chaves, Castroviejo, etc. However, the results obtained by men of action like these are far from what was expected. The reason lies in the difficulty experienced at the start in obtaining from the Government the desired relief from taxation. In fact it was only on the 4th. June, 1908, that the Government produced a law exempting from taxation personal loans secured on pledge or on mortgage, granted by Banks, *Montes de Piedad* (institutions of pawn), Raiffeisen Banks, and other similar institutions authorized by Government on condition of their not dividing their profits and giving no dividend.

The *Paz social* estimated that in 1910 the *total number of social institutions giving agricultural credit* might be calculated at a thousand, without counting the non-Catholic rural banks.

The Syndicates try to federate the Banks so as to create Central Banks on the model of the federation of the agricultural syndicates of Rioja, or the Central Syndicate of Valencia. So we think Spain has now openly made a start in co-operation and in a few years there will be Rural Banks almost everywhere in the country. The hope is further authorized by the praiseworthy and useful action of some of these banks. The *Rural Bank of Alhama de Murcia* is a striking example of the progress of co-operation. We owe the following data on the development and the situation of this Bank to an article by Señor Rivas Moreno. They are abstracted from the official data furnished by this institution.

The *initial capital* of the Bank amounted to 6,000 pesetas. At the end of 1909 it had granted 84 loans more than in 1908, that is 264, for an amount of 54,285 pesetas.

The *deposits*, amounting to 20,928.52 pesetas in 1908, increased by 52,543.04 pesetas in 1909, thus giving a general total of 73,471.56 pesetas.

In 1909 19,170.20 pesetas more of these deposits than in the previous year, that is to say, 33,372.84 pesetas were repaid, and this excess of *re-payments* produced a saving of interest amounting to 452.57 pesetas which added to the capital brings it up to a total of 40,551.20 pesetas.

The *debt* of the Bank to the Bank of Spain, which was still 4,343.25 pesetas in 1908, was reduced to 1,143.20 pesetas in 1909. The *unpaid shares* (actions) appeared as 2,492 in 1908. In 1909, in consequence of payments on 954 of these shares, the number was reduced to 1,538.

The *general balance*, in spite of all payments, showed an increase of 16,214.90 pesetas on that of the previous year.

We shall now study the organization and rules of the Rural Banks.

Let us first consider these of the Province of Zamora. They have for their chief object the advance of agricultural industry and credit. The members make no contribution in kind, but they are jointly and severally liable for all obligations legally contracted by the society. They have no right to any participation in the profits or dividends, even in case of the dissolution of the society. But as members they may ask loans from the bank or be allowed to invest with it the capital they offer to the society. These deposits at interest will only be accepted by the society if it is able to invest them profitably; in the contrary case, the members will receive no interest. The capital of the society is made up of the difference between the interest the society receives and that it pays its creditors and of donations and bequests made to it. The officers of the society, except the bookkeeper, are unremunerated. Loans are only made to members who can give sufficient security in mortgages or pledges.

To obtain a few typical details of the *Cajas rurales extremeñas*, we shall examine the rules and regulations of the *Rural Loan and Savings Bank of Fuente de Canto*. Although they also are based on the principle of mutual joint and several credit, the banks of this class have their own special characters. They have for their object, besides the utilisation of credit on the security of unlimited mutual liability, with a view to the realisation of loans at a very low rate, also purchase, for their members, of agricultural implements and breeding stock, as well as seeds, plants, manure and every other article serving for the development of agriculture and livestock improvement, and also to receive in deposit, keep and sell their members' produce collectively.

The capital of these banks consists of private donations or official subventions, increased by members' entrance fees and monthly subscriptions, and the difference between the debit and credit interest.

These banks, like the above mentioned of the Province of Zamora, give no dividend to their members, who consequently do not share in the profits. Yet they have the right, not possessed by the others, of receiving as members persons not resident in the town or village in which the Bank is situated. But in that case, for easier control, there must be at least ten members resident in the same town, village or hamlet. These will then form a delegation of the Central Bank whose liability may be limited or unlimited. Those members who have preferred unlimited liability will enjoy the same rights as the members of the Central Bank and will also have the same duties; the others will have no right to borrow, and their liability will be limited to the amount they themselves have fixed at their entry into the society. The persons who desire the formation of a delegation choose from among themselves three members of whom the Council

of the Bank selects one as delegate. The duty of this latter is to serve as intermediary between the Central Bank and the Delegation he is to represent at the General Meetings of the Central Bank. If the Delegation consists of 20 members or more, a commission may be elected with power to grant loans to this Delegation to the amount of 150 pesetas per member. In case of operations for larger amounts, the Commission asks for the approval of the central Council of the Bank.

Members have to pay an entrance fee of 10 pesetas and a monthly contribution of 25 centimes. At their entry into the society they must furnish a list indicating the cattle, implements and agricultural produce they possess serving for their personal use, as well as for that of their household. They must also distinguish clearly between their own property and that belonging to their wives, state if their property is mortgaged and if it is entered on the Land Register. In fact, the information they have to furnish must give the Board a complete idea of their financial position.

The members are classified in several categories according to the declared value of their property and in each category a maximum limit for loans is fixed.

To obtain loans, the members must give security in the form of mortgage or other bonds, or the guarantee of some other person.

Deposits may be received from members or non-members, be entered in current account or considered as deposits for a term. In the first case they bear interest at 3 % ; and single sums of even 5 centimes at a time are taken.

The amounts placed in deposit may not be less than 1,000 pesetas. If the deposit is made for six months, the interest is $3\frac{1}{4}$ % ; if the term is for more than a year the interest is $3\frac{1}{2}$ %.

As in the Zamora banks, the members are not remunerated for the services they perform for the society, either as managers, inspectors or delegates.

The profits realised by the Bank are employed on purchase of Agricultural implements and machinery, selected seeds, books and reviews, for the use of the Society, for agricultural education and experiments.

(c) *Central Institutions for the Encouragement of Rural Credit.*

The Central credit institutions which assist the rural banks are : the *Leo XIII Bank*, the *Bank of Spain*, and the *Mortgage Bank*.

The special object of the first is to assist the agricultural and industrial working classes in all their requirements for their work, except their personal requirements or those of their family. As its action extends to the whole Kingdom it could not control the business and the indiv-

idual value of each workman. It only grants loans to societies formed by workmen, and the Rural Banks which serve it as intermediaries are generally in the same position. It grants them loans for a maximum period of a year at 4 and 5 % interest. The Society is responsible for repayment of the amounts lent to its members and the payment of the interest and it must, during the period of the loan it has contracted, send the bank a detailed statement of its operations.

In addition, the Bank receives from the Rural Banks their surplus capital and enters it in current account at 3 % annual interest. No bank may have more than 5,000 pesetas in current account, and this may not be withdrawn except at 30 days' notice. In May, 1910, this Bank had granted the agricultural Syndicates and rural banks various loans to the amount of 131,650 pesetas. Between June and August this amount increased to 213,650 pesetas and in December, 1910, the Bulletin of the Social Reforms Institute registered 271,150 pesetas.

The *Bank of Spain* also grants loans to Syndicates and Rural Banks, at $4\frac{1}{2}$ or $4\frac{3}{4}$ % per ann. It may open credits in current account for syndicates on personal guarantee.

Yet this power is limited as, according to M. le Soc, cases rather frequently arise when no outside guarantee can be found. It is none the less true, besides, that in certain regions of Spain, the branches of this Bank do not grant collective loans. This is why the syndicates have been very slow to register on the credit lists of this Bank, and in fact we see from the last report, for 1910, that the number of loans granted, including those for 1909, are only 163.

The manner in which the figures are arranged in the reports of the Bank do not permit of our forming an idea of the amounts of these loans.

The *Mortgage Bank*, which also undertakes to encourage agriculture has a capital of 50 million pesetas, and if it profited by the power granted it by the law of 19th. October, 1875, it might even issue bonds payable to bearer. Its rules permit it to open credits to societies authorized by Government for the purpose, or to corporations, as well as to legally authorized syndicates, in return for mortgage bonds or on any other safe guarantee. But it appears from the last report of the Bank published in May 1909 that it has only granted 6,000 pesetas in loans on these conditions.

There are besides some special banks lending under similar conditions, for example, the *Credito Navarro*, some Montes de Piedad, like that of Orviedo and some *Pósitos*.

Two bills have been recently drafted with the object of facilitating credit operations for the agricultural associations and combating usury which is rife in the Spanish villages. The first, presented to the Cortes on the 11th. July, 1910, by the Minister of Agriculture is for the founda-

tion of a *National Agricultural Credit Institute*, the other, presented a few days later, on the 19th., for that of a *National Agricultural Credit Bank*.

The first of these has the character of a State Institution. It is entrusted with the supervision and administration and financial control of the rural credit institutions and, especially with the supervision and reorganization of the *pósitos*. It must also encourage the foundation of Regional Agricultural Credit Banks with share capital of at least a million to serve as intermediaries in the supervision of the *pósitos*. It will assist the rural credit societies, advancing them capital at 4 %. It will procure the necessary funds by the negotiation of loans up to the amount of 50 million pesetas. The institution also proposes to carry on propaganda and to compile statistics of rural credit.

The other institution, the National Agricultural Credit Bank, is, on the contrary, to possess a mixed character, like that of the Banks of Issue in various countries. It is to be in fact a private society with a share capital of 100 million pesetas under the direct control and supervision of the State, which reserves to itself the right of appointing the Governor.

Its object is to conduct every kind of agricultural credit operation, secured upon mortgage or pledge or any other incontestably safe guarantee. It may obtain the capital it requires by the issue of agricultural bonds, extinguishable within a short term, or by issuing bonds extinguishable by instalments within 25 years.

§ 2. *Agricultural Insurance.*

(a) *Cattle Insurance, etc.*

Although the articles 1,791-1,797 of the Civil Code and Article 438 of the Commercial Code deal with insurance, there is nothing in these articles that specially concerns mutual insurance. However, there are some cattle insurance societies in Spain. The *Estadística de las Instituciones de ahorro, cooperación y previsión en el 1º de Noviembre de 1904* (Statistics of the Saving, Co-operation and Thrift Institutions on the 1st. November, 1904), published in 1908, mentions 18. Besides these, there are others affiliated to the Agricultural Syndicates and we may also mention those that Señor Rivas Moreno calls *Private Societies* and for which there are no statistics.

The latter, as we see from the example of the Province of Valencia, generally proceed as follows :

All farmers or owners of livestock, who have one or more horses, mules or asses may belong to these *Private Societies* in which they insure healthy six months' old animals. The insured only receives the value of

the dead animal if on entering the society he has paid up 2 % of the value as estimated by a special commission ; if he has engaged to contribute, proportionally, to the payment of members' claims ; and, finally, only if the death of the animal is not due to war, floods, epidemics, overwork or negligence. The payment of the amount representing the value of the animal is not made till at least 15 days after its death.

As we see, this is a sufficiently practical, but still rudimentary, sort of mutual insurance. The societies affiliated to the agricultural syndicates and those that have assumed the form of mutual societies are organized in a more scientific manner.

We shall mention among the mutual societies the *Protección de la Agricultura española* of Guadalajara the *Unión Catalana* of Barcelona, the *Europa Company* of Madrid and the *Ganadera Española* of Orense. The first deals with the insurance of crops against fire and with cattle insurance ; the three last insure cattle, and the *Europa Company* also insures against theft of cattle.

§ 3. Co-operative Societies for Production.

(a) Co-operative Wine Societies.

There are in Spain very few co-operative wine societies. At the vintage season the small farmers readily unite to crush and press the grapes. Their spirit of co-operation stops there. Once this operation terminated, they divide the must among themselves in proportion to the quantity of grapes contributed. Each one then subjects the product to what treatment he pleases.

Although the number of co-operative societies is small, outside of those, also very few, connected with the agricultural syndicates, we give an example of the private wine making co-operative society of Carmen (Criptana).

The object of this society is to increase small vintages as far as possible and to obtain the largest possible profits for the farmers by collective treatment of their wines.

The capital of the society consists of 200 shares (*actions*) of 75 pesetas. Each shareholder must apply the society with 4,000 kilogrammes of grapes per share. These shares are personal and may not be transferred without the authorization of the other members. The grapes the members supply to the society are bought at market price. The profits are divided unless the society decides to use them for the purchase of casks or of some equipment for winemaking.

We find mention of three or four wine making co-operative societies in connection with the agricultural syndicates in the *Relación de los expedientes de los sindicatos agrícolas* of 1908 and 1909, published recently by the Ministerial Department of Agriculture. We shall speak of them later on when we deal with the question of the agricultural syndicates.

(b) *Co-operative Societies for the Production of Sugar.*

These co-operative societies have, in general, given good results in Spain. We have, however, few particulars concerning them, except what we find in Señor Castroviejo's *Cooperación en la Agricultura*. These societies issue shares (*acciones*) which only farmers subscribe, binding themselves to furnish the manufactory with a certain quantity of beetroot for each share thus held. The profits are divided in proportion among the members. Of this class of society we may mention the Manufactory of *San Isidro* and the *Purísima Concepción* of Granada. The members of the latter are not necessarily farmers.

The farmers supply the raw material, in consideration of which they receive shares (*acciones*); the other members buy shares at 5 % interest. But they must also advance 500 additional pesetas for every 1,000 peseta share, for the expenses of the manufacture. This amount is repaid to them on the completion of the work.

§ 4. *Agricultural Syndicates. Their Action. Their Development.*

Agricultural Syndicates are of recent foundation in Spain. It was indeed only in 1904 that the Government laid a bill on the Syndicates before Parliament.

Later, on the 2nd November, 1905, another minister, Count Romanones in his turn presented a bill on Syndicates, which passed through Committee on the 20th. November and was carried in Parliament on the 14th. December.

The text of this bill was published in the *Gaceta* of 30th. January, 1908, but as difficulties arose on application of the law, a regulation had to be published on the 18th. January, 1908 for their removal. This law classes as agricultural syndicates the agricultural associations, societies, communities, and chambers, already formed, or which shall be legally formed, in the interest of farmers, for the purchase of implements, agricultural machinery, breeding stock, manure, plants, seeds, animals or anything else serving for the promotion and development of agriculture and of livestock improvement; associations for production, transformation, improvement, sale, preservation and exportation of agricultural and cattle produce; clearing, exploitation and reclaiming of uncultivated land; application of remedies to the various pests to which agriculture is exposed; the found-

ation of credit institutions and the direct or indirect encouragement of those already existing, by establishing themselves as mediums between their members and such credit institutions; the foundation of co-operative, mutual and insurance institutes, institutes for the assistance and pension of the sick and aged, institutes applicable to agriculture, including cattle insurance societies etc.

Unions of Agricultural Associations of the above character are also considered as syndicates by the law.

The Agricultural Syndicates thus defined are civil persons in terms of article 38 of the Civil Code. They may therefore purchase and possess property of any sort, enter into engagements and exert their rights in civil and criminal matters in conformity with the laws and rules under which they are constituted. They may be formed, transformed, united and dissolved without being obliged to pay tax therefor. They enjoy the same exemption with regard to their acts and the contracts they may make as civil persons. The institutions of thrift, co-operation, or credit formed by the agricultural syndicates based on the mutual principle and directly connected with the above syndicates, are only liable to taxation on their profits, in the case of dividends being paid to members.

For the greater encouragement of the syndicates, this law also declares that the customs dues upon machines, implements, seeds and all other agricultural articles they receive shall be repaid to them, whenever the Ministerial Department of Agriculture advises the Ministerial Department of Finance that this is desirable.

Difficulties had to be overcome in respect to the repayment of customs dues and the constitution of Syndicates it was desired to protect. There were 856 syndicates in 1908, 1,154 in 1909, and we know that their number has since then considerably increased.

Their action has been stimulated by two causes: first the rivalry between the syndicates of Catholic tendency and the others, and then the conviction that in Spain the Rural Syndicate Bank is the only defence against speculation in shares, usury and the increase of the cost of food.

The syndicate movement has already produced forms of institutions with objects as various as useful. We already find *rural syndicate banks, cattle insurance syndicate societies, co-operative syndicates for production, consumption, sale, purchase, co-operative wine syndicates, syndicates for irrigation* and others yet.

To understand their working, let us take, as example, the *Rural Catholic Bank Syndicate* of Cinco-Olivas (Saragossa) which is also a *Mutual Cattle Insurance Society*. Article 3 of its rules assigns to it as its object the moral and religious interest of the members, the formation of a rural loan and savings bank, the institution of a mutual cattle insurance society, the collective purchase of seeds, plants, machines or other articles usefu

in agricultural production, the instruction of the members and their children, including instruction in agricultural progress given by lecturers by means of experiments and the help of circulating libraries, etc.

The bank is formed of members of the syndicate, that is to say, that its members must belong to the syndicate. Anyone may deposit in it his savings, but loans may only be granted to members of the Rural Bank.

The minimum amount of deposit is 25 francs; every amount paid in is entered in a book belonging to the depositor, of exclusively personal title. At the end of the year 20 % of the net profits were paid into the reserve fund. Let us add to these details that, in order to be admitted to the Rural Bank, the consent of the Managing Committee of the Bank must be obtained, the entrance fee of 5 pesetas must be paid and every month at least 25 centimes deposited. The members of the Bank are *ordinary* or *joint and several*. The ordinary members must satisfy the above conditions; the joint and several members are mutually bound to guarantee the operations of the Bank. The Managers of the Bank can only be chosen from among them.

The maximum term for the loans is four months; they bear $\frac{1}{2}\%$ interest per month or fraction of month. The loans granted must be secured upon amounts the borrower or his sureties have deposited.

The members of the Mutual Insurance Society must also be members of the syndicate. They must pay 1 % per month of the value of the cattle insured. The animals are insured for 75 % of their value.

The heirs of an insured person may succeed to his rights and duties. The same holds for the purchaser of the animal for which the insurance premiums have been paid, if he is himself a member, without which he would have no right to any claim in connection with the animal.

The Syndicate is strictly Catholic in character.

There are also other classes of agricultural syndicates, namely syndicates for irrigation and farmers' rural police syndicates. The former are composed of farmers who unite for the collective execution of irrigation works for the benefit of members. The latter try to increase the number of the Government police which they consider insufficient.

But there are only 8 syndicates of the first and 6 of the second type.

In the following table we show the numbers of registered agricultural syndicates at the end of 1909.

| | |
|---|-------|
| Agricultural Syndicates | 983 |
| " " Rural Banks | 135 |
| " " Agricultural Chambers | 18 |
| " " Mutual Cattle Insurance Societies | 6 |
| " " Mutual Fire Insurance Society | 1 |
| " " Farmers' Rural Police Societies | 8 |
| " " Irrigation Societies | 6 |
| Total | 1,157 |

As to their territorial distribution, we find the greater number of agricultural syndicates in the Provinces of Valencia (73), Salamanca (70), Caceres (62) and Saragossa (62). The Rural Banks organized by the Agricultural Syndicates are found especially in the Provinces of Badajoz (24) and Cuenca (14).

More recently a certain number of new agricultural syndicates has been founded of which the official list, which refers to the syndicates registered in 1908 and 1909 takes no account. These are generally Agricultural Syndicates of Catholic tendency possessing a Rural Bank.

We must further mention the federations of syndicates and rural banks, the most important of which are to-day :

The *Federation of the Syndicates and Rural Banks of Navarre* which has founded a Provincial Bank for the assistance of the other banks ;

The *Agricultural Montañera Federation* of Santander which, also, intends to found a rural Bank ;

The *Federation of the Syndicates of the Rural Banks and Mutual Cattle Insurance Societies*, of la Rioja ;

The *Agricultural Mirobigense Federation*, etc.

But these Federations do not represent all the Syndicates of the country. Generally, they represent rather the Federations of the Catholic Agricultural Syndicates. However, when we consider that in Spain most of the Syndicates have Catholic tendencies, it will be understood that these Federations are not without importance, especially when it is seen that most of the Federations found central rural banks, which only assist the banks of the adherent syndicates.

§ 5. Association Generally.

After having shown the development of agricultural association and co-operation in Spain in its various branches, we shall give a general idea of the advance made by it.

Up to 1899 its progress was rather slow. The first impulse was given by the *National Union* and the *Farmers' League*. The *Instituto Agrícola Catalan de San Isidro* on the other hand began to act in favour of agricultural organization. There were besides already the *Agricultural Chambers* instituted by Royal Decree of 14th. November, 1890, some other institutions founded in conformity with the general law of 30th. July, 1887 and again a certain number of *Juntas de Riegos*. But these were mostly isolated cases, the movement as yet was not general. This Institute of San Isidro was the first Federation to exist in Spain, under the title of *Catalano-Balear Agricultural Federation* and its field of action embraced the provinces of Barcelona, Tarragona, Gerona and

Lerida, the majority of the Regional Agricultural Associations of which it united. This Federation includes almost 200 associations and, far from its course being arrested today, it endeavours in every way to promote the formation of other associations.

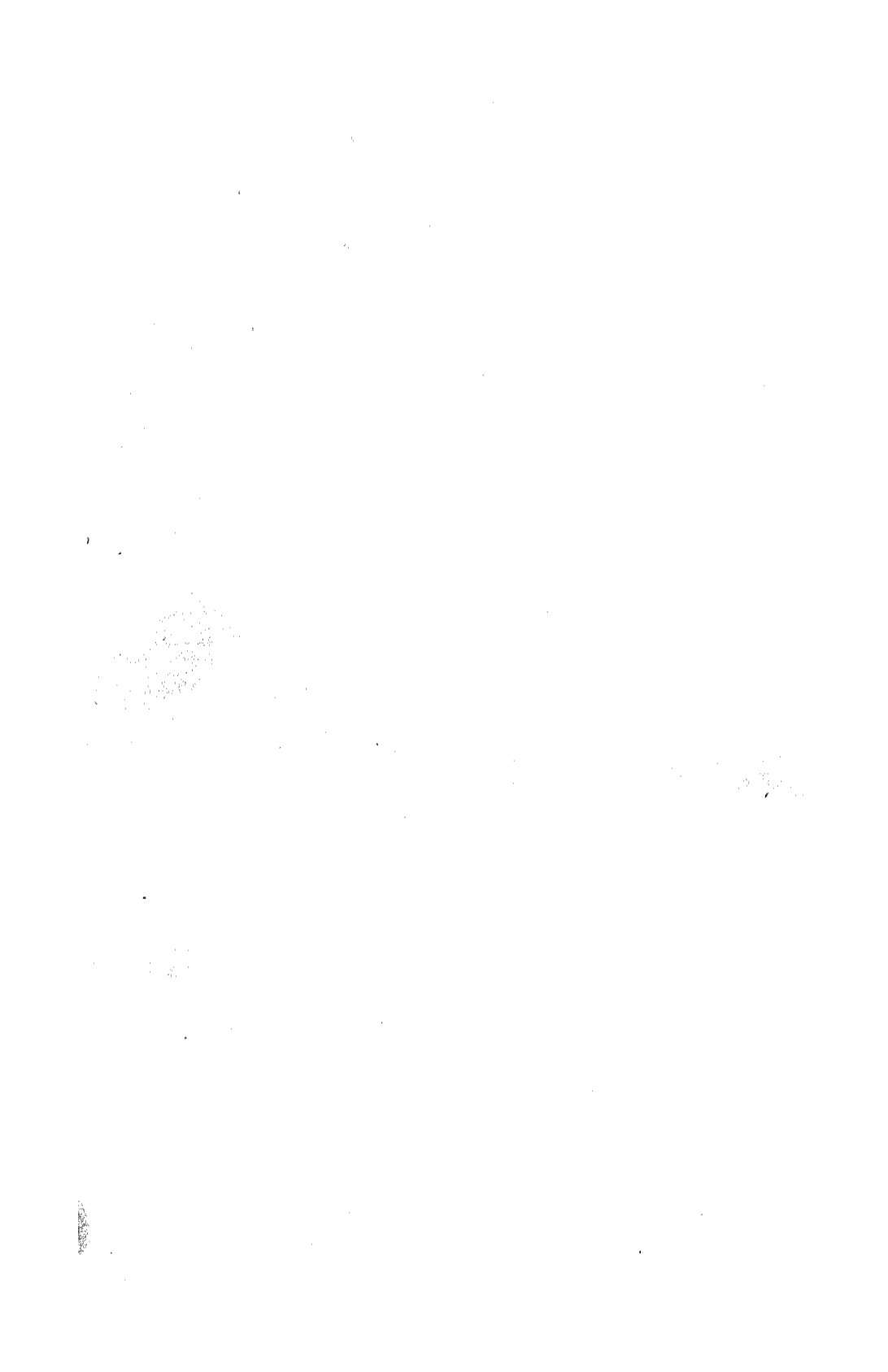
Some years later, the *Agricultural Chamber of Cordova* united its efforts with those of the Institute of S. Isidro for the organisation of the *Betica-Estremeña y Canaria Agricultural Federation*; afterwards the *Agricultural Chamber of Tortosa* assisted in the foundation of an agricultural association extending its action over seven regions: Andalusia-Estrameña and the Canary Islands; Aragon (Vascongados, Navarre and Logrono); Galicia and Asturias; Catalonia and the Balearic Islands; New and Old Castille.

In addition, the *Farmers' Centre* busied itself with the foundation of the *Agricultural Federation of Old Castille* at Valladolid as well as with the *Agricultural Federation of Levante*. In 1903 the *Agricultural Federation of New Castille* was organised, an institution reformed on the 5th March, 1909, which has just opened a competition for the preparation of monographs on the question of rural police. Finally, in 1909, the *Agricultural Federation of Aragon* was founded.

The realisation of the plans of organisation thus depend on the existence of the three Federations. Their existence is purely *de facto*, as they have not been officially recognised, which, however, does not prevent their organizing congresses and exerting a remarkable action.

Their principal object is the development of the spirit of association and we have seen that in this respect the Government has not been slow to assist them, by the promulgation of the laws of 8th. July, 1898 and 28th. January, 1906 and the regulations of 19th. September, 1902 and 16th. January, 1908 on the *Farmers' Associations*, the *Rural Police Syndicates*, and the *Agricultural Syndicates*.

To sum up and give a general and synthetic idea of the matter, there are now 83 *Farmers' Associations* to which are also given the name of *Agricultural Communities*, and 1,273 *Agricultural Syndicates*. There are also in the *Levante* some *Orange Grove Co-operative Societies* on which we have not as yet any precise information. The number of *Agricultural Chambers* would be about 100, and there would be about 1,000 associations regulated by the law of 8th. July, 1898. Consequently, Spain would have about 2,500 agricultural associations including more than 500,000 farmers.



CO-OPERATION AND ASSOCIATION

FRANCE.

I. COMMUNICATIONS FROM THE GOVERNMENT

The Agricultural Department, as Official Correspondent of the International Institute of Agriculture, has sent us the following note:

The Commission for the distribution of the State advances to the Regional Mutual Agricultural Credit Banks met on the 25th. January, M. Méline, Senator and former Minister, in the chair, as substitute for M. Pams, Minister of Agriculture, prevented from attending.

After examination of the papers, the Committee, reserving the applications presented by 25 Regional Banks in terms of the law of 31st. March, 1899, proposed to assign them new advances to the total amount of 1,155,050 francs and to renew the former ones now nearly expired up to the amount of 1,757,000 francs, after repayment of an amount of 638,590 francs.

Then, in view of the allocation of advances amounting in all to 886,800 francs, it approved the applications made by 12 Regional Banks desirous of facilitating the long individual loans authorized by the law of 19th. March, 1910.

The Commission also pronounced itself in favour of granting the advances applied for by 18 agricultural co-operative societies, up to a total amount of 384,800 francs, in accordance with the law of 29th. December, 1906.

These advances, to be repaid in between 5 and 20 periodical instalments were distributed among 5 dairies, 3 *fruitières* or cheese factories, 7 societies for the utilisation of agricultural machinery, 1 wine society, 1 society for sale of agricultural produce and 1 distillery, in the departments of Jura, Deux-Sèvres, Eure, Seine-et-Oise, Var, Finistère, Seine-Inférieure, Loiret, Oise, Nord, Ain, Haute-Savoie.

II. — CURRENT QUESTIONS.

The 16th Congress of Popular Credit.

Sources :

HENRY CLÉMENT : Le XVII^e Congrès du Crédit populaire à Limoges, 12-15 Octobre 1911.
(*The 16th Congress of Popular Credit at Limoges, 12th-15th October, 1911*) in the *Bulletin mensuel du crédit populaire*. Paris. Number for October-November, 1911.

MAURICE DUFOURMANTELLE : Examen critique des propositions de loi sur le crédit populaire urbain (*Critical Examination of the Proposed Laws on Urban Popular Credit*). Report presented at the 16th. Congress of Popular Credit at Limoges. Id.

FERNAND DAVID : Le crédit mutuel populaire (*Popular Mutual Credit*) in the *Association Ouvrière*. Paris. No. of 25th October, 1911.

Text of the Resolutions passed at the 16th. Congress of Popular Credit in the *Bulletin mensuel du crédit populaire*. Paris. Number October-November, 1911.

Bill on Urban Popular Credit Societies, Drafted by the Office of the *Centre Fédératif* in execution of the resolutions passed at the 16th Congress of Popular Credit. Idem.

§ 1. *The Importance of the Limoges Congress.*

The Congresses organized by the Federative Centre of Popular Credit under the protection of MM. Rostand and Rayneri are great events in the domain of co-operation since matters of the greatest urgency and of capital interest for the organisation of co-operative credit, both urban and rural, are there passed in review.

The 16th. Congress held at Limoges from the 12th. to the 15th. October of last year was of still greater importance than its predecessors. After noting the ordinary communications on the progress of the existing societies, it gave itself up to the discussion of the right fundamental principles for the initiation of the new system of co-operative credit that it is desired to institute in France in behalf of the middle classes of the urban centres, as has been done for the rural classes.

In the fruitful discussion on the subject the two following principles prevailed.:

(1) credit to small "industrials," merchants, etc., must be based not on State financial intervention, but on social action due exclusively to private initiative.

(2) it should derive its means from local economy and render local labour fruitful.

So much premised, let us briefly set forth the various matters dealt with by the Congress.

§ 2. *Popular Banks and Similar Associations.*

In his opening speech, M. Rayneri, president of the Congress, after tracing the evolution of the methods of organising credit showed how the latter had advanced by the union of intelligence, honesty, economy and industry. Thus, to this fertile union was due the magnificent development of the Italian Popular Banks, and in the centre and South West of France, the happy results of the banks of Mentone, Antibes, Dijon, Marseilles, Limoges, etc. The "Federative Centre", which in 1906 included 664 popular credit societies, now includes 1,161.

Such institutions would extend far more considerably if the principle were established of directing a large part of the local savings to the local credit associations. These ideas are accepted by Prof. Sitta, of Ferrara, who cites as an example the marvellous progress made by popular credit in Italy; and M. Maurice Colrat, who shows on his side that France, while one of the richest countries in the world and able to boast of the best large banking organisation, has not been sufficiently prompt to found credit institutions in behalf of small tradesmen and small "industrials." The matter is of the greatest urgency, if we reflect that small enterprise is continually menaced by large enterprise. The excellent results obtained by the various People's Banks founded under the auspices of the Co-operative Centre show how necessary it is to extend their use.

Thus, for example, the Limoges People's Bank, founded in 1910, closed the accounts of its first working year with 4,226 bills representing the amount of 946,411 francs; its capital had reached the amount of 52,900 francs, its reserve fund, 2,645 francs and its profits were 1,208 francs.

The *Metz People's Bank* (Lorraine Co-operative Credit Society) has 5,696 members and 26 millions of deposits.

The *Dijon Mutual Credit Bank* and *Havre People's Bank*, likewise, witness to the benefits to be derived from a wise organisation of urban credit.

In the rural domain, the results of co-operative credit are no less satisfactory as the reader of this Bulletin has already seen. The region of Limoges has the thriving *Regional Mutual Agricultural Credit Bank of Haute Vienne*, which possesses a capital of 71,280 francs and has discounted bills to the amount of 600,000 francs ; Haute Savoie, with its Federation of Mutual Agricultural Credit Banks of the Canton of Thônes furnishes an interesting example of what good credit organisation can do for the farmers. In this region where dairy cow improvement is of great importance, the rate of interest was up to recent years 12 % ; thanks to the institution of local banks it has been reduced to 3 %. The 13 societies of the Thônes group adhering to the "National Bank of the South East," have 266 members. The discounts effected by them in 1911 represent 660,817 francs. Their deposits amounted to 84,746 francs and their reserve funds to 1,513 francs. With regard to them M. Mermillod showed in his report how many of these banks have been eager to attract a certain amount of deposits, by reason of which they may have an independent existence. The Communal banks of the Thônes group grant loans at 3½ %; in the cantonal bank the rate is 4 %. This Bank adopts the principle of liability limited to its paid up capital, which is 30,000 francs. The local banks have adopted the principle of joint and several unlimited liability.

On the proposal of M. Dufourmantelle, the Congress passed the following resolution :

"The Congress affirms anew that the true principle of the organization of popular agricultural credit is that the local banks should not rely solely on the assistance of the regional banks in carrying out their operations ; but they must, on the contrary, aim at ensuring their autonomy, liberty and independence and relying on themselves, on their own resources, their reserve funds and the local deposits, above all those for a period of time, which they are able to attract to themselves, submitting themselves to the rules governing the working of banks, the regional banks having only to play an auxiliary rôle with respect to them."

§ 3. Visit of the Congress to some Social Institutions.

The programme of the Congress included some excursions to visit certain social institutions aiming at completing the work of defence and assistance of the middle classes.

We shall mention among these institutions the *Haute Vienne Chamber of Trades*, founded on the 17th. March, 1911, at Limoges, under the auspices of the Chamber of Commerce for the purpose of modifying the apprenticeship

system, at present in a seriously critical condition. The rôle of the association consists in the institution at Limoges and in the department, of free professional courses for the instruction of young apprentices or even adults; its object is further to excite among the workmen an enthusiasm for their trade, to make them understand the nobility of labour and to develop in them the sentiment of their professional and social duties. To reach these ends, the association organizes shows and exhibitions with prizes; it submits the young men to examinations, assigns them certificates, and helps them to find employment.

The *Limoges Star* (*Etoile de Limoges*), a co-operative society with fixed capital and limited liability, has for its object the purchase, and building of houses and their arrangement in various apartments with gardens, laundries, baths, etc., in conformity with the law on cheap dwelling houses.

The capital of the society amounts to 120,000 francs, in 4,800.25 franc shares (*actions*), payable, one tenth at date of subscription and the rest in monthly instalments of at least a tenth. Each share bears interest not exceeding $3\frac{1}{4}$ %. They are personal and indivisible. The building of a house requires a vote of the Council. A group of members may ask for a house to be built for several families on condition of their inhabiting it themselves and accepting joint and several liability.

The Limoges co-operative societies began building in 1908, with a house consisting of a certain number of apartments of two or three rooms each, provided with drinking water, water closets, wine cellars, a common laundry, etc. The house cost 53,000 francs; the rent of the apartments varies from 160 to 200 francs. When starting work the society had not the necessary capital, but it obtained from the Savings Bank a loan of 30,000 francs at 3 %, to be repaid in instalments in 30 years. In September, 1909, 16 tenants selected by lot from a list of 133 applicants were installed in the new building. The profits made in the last four months of the year 1909 sufficed to pay the working expenses for the year and the interest on the loan. In 1910 the society paid out 700 francs for general expenses; the amount it had available formed the basis of the legal reserve fund and some hundreds of francs were taken from it for the special reserve fund. In 1911 it repaid 500 francs to the Savings Bank and paid its shareholders a dividend.

The *Etoile de Limoges* has made trial of an ingenious system for the increase of the number of its members: it has founded, as a dependency, the *Provident Co-operators' Medium*. The object of this society is to provide its members with the means of converting into *Etoile* shares the bonuses they obtain through co-operative distribution. It has also founded an insurance society to guarantee payment of the annual instalments, in accordance with the law on cheap dwelling houses, in case a workman

desirous of becoming possessor of a cottage dies before having fulfilled his obligations. It has finally founded a society against unavoidable unemployment.

The *Montceau-les-Mines People's Bank*, called "La Prudence," has also occupied itself with cheap houses; it has facilitated the building of 170 cottages, by granting loans varying from 1,500 to 4,000 francs, guaranteed on mortgage or on life insurance.

§ 4. *Problems connected with the Organisation of Popular Credit.*

Long Date Agricultural Co-operative Credit. — The reader of our Bulletin (1) already knows the organization of French agricultural credit in its various forms. We shall then confine ourselves to mentioning again here that the law of 19th. March, 1910 authorizes the mutual agricultural credit societies to lend for long terms (15 years) to farmers with a view of facilitating for them the purchase and improvement of small farms. These loans may not exceed 8,000 francs and are secured on mortgage or life insurance. After a report presented on the subject by M. Montet, Manager of the Regional Bank of Ile-et-Vilaine, the Congress approved a resolution recommending the agricultural societies to see that the 1910 law is observed within the precise limits it has laid down(2); only to grant loans on first mortgage reserving for exceptional cases those secured on insurance; not to grant loans at too low a price to avoid giving these operations an appearance of charity; to manage that the regional banks are direct creditors of the borrower, on the joint and several security of the local banks. Further, the desire was expressed that mortgage bonds passed in connection with long loans be exempted from the necessity of the ten years' renewal, that these loans may enjoy the same privileges as the loans of the Land Credit Institute as far as relates to the clearing of legal mortgages, etc., etc.

Business Relations between the People's Banks and the Agricultural Credit Banks. — After a Report by M. Pasquier-Bronde, the Congress expressed a desire for the establishment of cordial relations, on the one hand, among the popular Credit Societies of the urban centres, and, on the other hand, between these and the mutual agricultural credit societies: the first will be able to rediscount the bills and acceptances of the others, and lend them money at moderate rates. Finally, the desire was expressed

(1) See our article "Co-operative Agricultural Credit and its Results during the Year 1911-1910". Bulletin for January, p. 69.

(2) See especially the article: "Long Agricultural Credit: its Characteristics and its Role". Bulletin for April, 1911, page 207.

for the constitution of regional groups to unite the two classes of society in fraternal co-operation.

Relations between the Bank of France and the Urban Credit Societies. After hearing the report on this subject, presented by M. Sévène, president of the Lorient People's Bank, the Congress unanimously passed a special vote of thanks to the Bank of France for the services it has rendered up to the present to co-operative credit; it further desired that continually closer relations might be established between the great institution and the people's banks, and that these should be instructed, like the Agricultural banks, to institute, as branch offices of the Bank of France, a larger number of places for banking business.

New Proposals for Laws for the Reorganization of Urban Popular Credit. — Among the problems discussed in France by the organizers of the movement for the defence of the *middle classes*, that relating to cheap credit is certainly one of the most important. For ten years the farmer has been in possession of a system of co-operative credit with State support: the small "industrials" and small tradesmen of the urban centres are now to be offered a similar system of thrift.(1)

How is this credit to be organised? Should appeal first be made to the State or should the first steps be left to the initiative of the parties concerned?

On this point, M. Dufourmantelle, who presented a report, specially criticised the bills presented by Senator Codet and Deputy Chaulet (2) for the institution of a central mutual credit bank.

According to these two proposals the mutual credit societies may be instituted by labourers, tradesmen, industrials or societies, even co-operative societies. M. Codet is of opinion that the members (except the co-operative societies) should be regularly registered on the patent rolls; M. Chaulet wishes the tradesmen, labourers and "industrials" to form part of a professional syndicate, and he asks for the above registration only in case of their being no syndicate union. The urban popular credit societies would be under the régime of the law of 1894 on the local agricultural credit banks.

(1) The law of 29th December, 1911 (*Journal Officiel*, 30th June, 1911), approving the agreements of 11th and 28th November, 1911, entered into between the Government and the Bank of France and sanctioning the modifications introduced into the régime of the latter establishment as a condition of its preserving its privilege as Bank of issue until the 31st December, 1910, has established that the Bank shall make the State a new advance of 25 millions to be reserved until the law establish the conditions under which they shall be allocated to credit institutes, either as new subsidies to agricultural and maritime credit, or for the organisation of credit to the industrial and commercial middle classes.

(2) *Journal Officiel*, Doc. Parl. Senate, 1910. No. 359 and Chamber of Deputies, 1911, no. 301.

The regional banks, instituted in conformity with the law of 1899, would discount the bills and acceptances of the local banks, grant the latter loans for their working capital and the co-operative societies loans to be repaid in 15 years, according to M. Chaulet, in 25 years, according to M. Codet. The first would further desire that the regional banks be empowered to grant long loans to local societies or their members. The regional banks should be founded where the parties concerned think fit. According to M. Chaulet, on the contrary, each department should possess at least one regional bank. In either case they should be intermediate organs between the local banks and the *Central Mutual Credit Bank*, the foundation of which is the new point in these proposals. The seat of this Bank would be at Paris, and its initial capital would be constituted, according to M. Codet, by a sum of 5 millions paid by the State, and, according to M. Chaulet, by a capital of 100 millions that the Bank of France should provide to the State as an advance, as a condition of the renewal of its privilege. The Government would manage this bank at least indirectly, appointing its officers and creating a special supervision commission.

M. Dufourmantelle criticized these two proposals, both in their details and in their fundamental principles. According to him, the licence principle does not constitute a bond among tradesmen any more than the tax does among tax payers. A central bank remote from co-operative interests would work with insufficient facility and in the principle of intervention, he sees a risk of weakening the sentiment of responsibility and concord in which lies the strength of mutual credit.

These bills have met, besides, with opposition: the *Association for the Defence of the Middle Classes*, the *Federation of French Retail Dealers* and 145 chambers of commerce out of 148, have pronounced against them.

After a long and animated discussion, the Congress approved the conclusions of the "reporter" against the concentration of popular credit in the hands of the State, and passed the following resolution:

"That urban popular credit should be provided with an organic law, on the lines of the law of 5th. November, 1894, on agricultural credit societies, simplifying and specifying the formalities for the foundation of the urban popular credit societies and granting them a reduction of costs and relief from fiscal burdens, basing them upon the professional syndicates, mutual aid societies, co-operative societies and associations under the regime of the 1901 law ;

That the law of 20th. July, 1895 on Savings Banks be revised to give greater liberty to the Savings banks to employ their own capital or a portion of their deposits on works of social utility and especially of popular credit ; with the guarantee of the State for the security of the depositors according to the Belgian system."

§ 5. *Itinerant Social Thrift Lecturerships.*

After a report presented by Prof. Sitta of Ferrara, who showed the happy results obtained by these institutions inaugurated in Italy for the popularisation of the methods and ends of the various forms of thrift, the Congress passed the following resolution :

“ That the State, the departments, the Communes, the large commercial, industrial and agricultural groups as well as the savings and thrift institutions already existing should effectively second the experiments private initiative may make in favour of the foundation of itinerant lecturerships, which have given such good results abroad, especially in Italy.”

CO-OPERATION AND ASSOCIATION

ITALY.

I. — CURRENT QUESTIONS

I. Agricultural Purchase Societies in Italy and the Work of the „Federazione dei Consorzi Agrari. „

Sources :

- ALPE VITTORIO : Le società agrarie di acquisto in Italia (*Agricultural Purchase Societies in Italy*). Communication made to the Royal Academy of "Georgofili", Florence. In *Agricoltura Toscana*, Florence, No. 1, 15th. January, 1912.
- MORANDI EMILIO, engineer : Le associazioni in partecipazione per gli acquisti collettivi (*Profit and Loss Sharing Associations for Collective Purchase*) in the *Giornale di Agricoltura della Domenica*. Piacenza, No. 36. 3rd. September, 1911.
- RAINERI GIOVANNI : Progresso agrario e cooperazione. Discorso pronunziato al Congresso Nazionale dei Consorzi agrari cooperativi in Torino. (*Agricultural Progress and Co-operation. Speech delivered at the National Congress of Co-operative Agricultural Consortiums at Turin*) in the *Giornale di Agricoltura della Domenica*. Piacenza, No. 38, 18th. September, 1911.
- Annuario dei Consorzi agrari italiani. Federazione italiana dei Consorzi agrari (*Yearbook of Italian Agricultural Consortiums. Italian Federation of Agricultural Consortiums*). Piacenza, Typ. V. Porta, 1900.
- Secondo annuario, 1911. Le società agrarie di acquisto in Italia fino al 1910. Federazione italiana dei Consorzi Agrari (*Second Yearbook, 1911, Agricultural Purchase Societies in Italy up to 1910. Italian Federation of Agricultural Consortiums*). Piacenza - Milan, Arti grafiche Bassi and Vaccari, 1911.

Introduction.

Collective purchase is an important part of agricultural co-operation, intended as it is for the protection of farmers against the exaggerated cost and frequently inferior quality of farm requisites. The Italian Agricultural societies practised it even before the existence of professional

syndicates in France. In fact, in 1835, when still at its start, the *Associazione Agraria Friuliana* bought for the account of its members, silkworm eggs, kitchen garden seeds, and agricultural machinery and implements. Yet, it was only in 1887 that explicit mention was made of it for the first time, in a Farmers' Congress at Siena. The matter was introduced by Count Gherardo Freschi. Enea Cavalieri, who presented the report on the matter, concluded with the affirmation that it would be well, for the *comices* (1) and all other voluntary agricultural associations to imitate the example of the action then under trial (2) in France. The Congress gave its approval. Then special divisions for collective purchase began to be formed in the *comices* or other already existing associations; separate institutions were formed sometimes on the model of the French syndicates, sometimes on that of the Italian co-operative societies.

This variety of type amongst the societies for collective purchase increased from day to day, so that to-day in Italy the consortiums properly so called are not alone in practising it. It is true they are the most numerous, but many other institutions also engage in it. These are, for example, the voluntary agricultural *comices* and associations, agricultural syndicates, unions and clubs, the rural banks, etc. (3) There are no statistics on the matter. But, lately, the *Federazione italiana dei consorzi agrari*, which unites more than 600 institutions of this character, has terminated an enquiry into its federated societies. It published the results in its second yearbook (1911), a large volume of 500 pages, with information upon 420 societies for the year 1909. This work is divided into three parts: in the first, the work done by the Federation from its foundation up to 1910 is described; in the second, there is a summary of the information furnished with regard to the various organizations, with the statistical data examined in relation to the agricultural economy of the various localities so as to permit of the reader understanding the differences to be observed between province and province; lastly, in the third, there are very

(1) The Agricultural *Comices* of Italy were first founded by the Minister Cordova in conformity with a Royal Decree of 1866. From 1870, that of Chiavari has sold farm requisites to its members at cost price.

(2) The law on professional Syndicates was first promulgated in France on the 21st. March, 1884. Encouraged by the facilities that this special legislation with rather liberal provisions offered agriculture as a means of escape from the serious crisis it had just passed through, the French farmers profited largely by it for the conduct of operations demanded by the exigencies of modern agriculture, on the co-operative system. There followed a rapid extension of syndicates. At the end of 1910, they were five thousand.

(3) It is reckoned that the total number of institutions engaged in collective purchase in Italy amount to-day to more than 1,500, 750 of them being Co-operative Agricultural Consortiums.

important details, these are : the numerical relations between the purchase societies, the rural population and the cultivated area ; as well as data on the general consumption of chemical manure in Italy and the amount of it provided through the medium of the co-operative societies.

Previous to this enquiry, the same Federation had made another in 1899 ; which dealt with 192 institutions in 55 provinces (1).

We now propose to give our readers the general results to which the researches that have just been made have led, not without first briefly sketching the work of the *Federazione dei consorzi agrari*, which unites the larger and more important part of the purchase societies and is the chief of the agricultural organizations now existing in Italy.

§ 1. *The Work of the " Federazione italiana dei consorzi agrari ",*

The Italian Federation of Agricultural Consortiums was founded at Piacenza in April, 1892 on the initiative of Enea Cavaliere, Giacomo Riva and Giovanni Raineri, three persons who have done much for Italian National Economy. They saw the necessity for a body of this character, both to direct and facilitate the movement of organization in purchase and sale, and to safeguard the interests of the societies against dishonest contractors. In the deed of foundation of this Federation there figured amongst the members 18 societies and 32 private members whilst to-day about 700 societies and more than 500 private members adhere to it.

In conformity with its rules, this Federation first encourages the formation of agricultural consortiums, then it contributes to increase the development of those already existing.

Further it gives them unity of direction and action and, at the same time it does all it can to ensure the prosperity and progress of agriculture and of the rural classes. As we must be brief in our examination of its work, we shall limit ourselves to the chief forms of its activity.

1. *Collective Purchase* — Among these forms without doubt collective purchase is the most important. If, in fact, we consider the last decade, we see, first of all, that the amount of goods delivered to members rose from 4 millions in 1900 to 9 millions in 1905 to arrive later at 13½ millions in 1910. In purchasing, the Federation is above all largely occupied with the good quality of the merchandise and the due proportion of the various

(1) These institutions had together somewhat more than 45,000 members and their purchases amounted to about 15 million liras. This was largely the result of the seven years of the existence of the federation, the opening and most difficult years. See on the subject, the first " *Annuario dei consorzi agrari italiani* ", published by the Federation at Piacenza in 1900. Typ. V. Porta.

ingredients. For manure, it has to this end adopted the system of analysis. Independently of its efforts to obtain an efficacious law against the adulteration of manure, it has opened an international competition for the discovery of a practical method with the object of ascertaining the adulterations to which the superphosphates have been submitted. The Federation has also applied for and obtained special facilities for the railway carriage of the said goods.

In the beginning the most considerable purchases made by the Federation were of superphosphates. It limited itself to obtaining better prices from the producers in consideration of the quantities it could buy, by stimulating competition among them. But when the producers combined to keep up the prices, the farmers conceived the idea of themselves becoming producers with the support of the Federation. Thus the co-operative superphosphate factories were started. There are now fourteen of them. There is a central office of the Federation for their management and the protection of their interests. In addition, the basic slag market was in the hands of a few importers who had a monopoly of this article. In spite of this, since 1896 the Federation has managed to obtain it on very favourable conditions. It imported 217,000 quintals in 1903, that is to say, more than half the total amount imported. In 1906, the amount it imported was already 328,398 quintals, reaching 561,431 quintals in 1910.

It was more difficult to reach the producers for purchase of nitrate of soda. It was no longer merely a case of establishing direct relations with the place of production (Chili), but the questions of freight, credit, etc., had to be settled. Gradually, the Federation overcame these difficulties. In 1903 it already had sailing vessels of its own. That year, it consigned 69,752 quintals of nitrate to its members. In 1906, the amount consigned was 91,819 quintals and during the year 1910, 101,233 quintals.

The Federation is also of great service in the purchase of sulphate of ammonia, potassium salts, oilcake, wheat for sowing, etc. It has even occasioned a larger consumption of potassium salts. It considered in fact, that, in contrast to what had taken place in the North of Europe, where the consumption of the various fertilisers is more considerable, in Italy the employment of potassium salts was limited in comparison with that of the phosphate manures. In order to increase it, in 1908 the Federation began to import it directly from the Stassfurth syndicate, for the benefit of the agricultural societies of Italy. That year the quantity of chloride and phosphates imported were 28,864 quintals and that of kainite 14,368 quintals. In 1910, the figures were respectively 44,975 and 19,024 quintals.

2. *Profit and Loss Sharing Associations.* — The figures already reached for collective purchase of the principal manures and antiscryptogamic substances are excellent, when we add the evident influence the Fed-

eration has had upon prices. However, its work has not stopped there. In fact, still better to control the market for farm requisites, and to come into continually closer relation with the affiliated consortiums, it has decided to let them share directly in the profits and losses on the commercial operations conducted by it; basing itself on the principles of profit and loss sharing association as laid down in the Italian Commercial Code (arts. 233-238) and as we have described it in the Bulletin of Economic and Social Intelligence for November-December, 1911, (p. 88).

The associations participating, divided into groups for large wholesale purchase, average purchase, and retail purchase, form a committee with the right to assist the Federation in its commercial operations. The Federation alone is responsible towards outsiders. The societies are only bound to receive the goods they have ordered at the price agreed on, plus the expenses. With a contract of this character it is easier from the start to collect large quantities of goods, and this permits of better prices being obtained. Amongst the operations conducted on this system we must note those in relation to basic slag, nitrate of soda and potassium salts as having been very successful.

3. *Various Initiatives.* — Besides this commercial action of the Federation, it also exerts others of various kinds, itself undertaking the initiative or simply associating in it. Let us mention some of the most important. In 1906 it published its enquiry into collective farms in Italy just when a very important bill was drawing the attention of the country to these new and interesting organizations. It then undertook the study, especially on behalf of the farmers in the South, of the important subject of irrigation by means of reservoirs of crown form in regions until then without water. Convinced, besides, that the problem of credit once solved, there were a large number of others relating to agriculture which would be satisfactorily settled, the Federation, under the guidance of Luigi Luzzatti, gave all its attention to a scheme for a Central Agricultural Credit Bank to be founded with a capital of at least 10 million francs, by the co-operation of the People's Banks and Savings Banks. Under another form, but with the same object, the Hon. Signor Luzzatti, on his assumption of power, presented to Parliament, a bill for the foundation of the Bank of Labour and Co-operation (1), 11th. February, 1910.

Finally, from 1902, there has been an active interchange of ideas and proposals with a view to an international understanding in matters of agricultural co-operation between the Federation and the *Reichsverband der deutschen landwirtschaftlichen Genossenschaften*, the great German institution at Darmstadt. In fact, in a meeting at Lucerne of the representatives of the above mentioned organizations and those of the federations of Austria and Switzerland, it was decided to found an International League of Co-

(1) See: *Bulletin of Economic and Social Intelligence*, No. 1. September, 1910. p. 307.

operative Agricultural Federations. Thanks to this agreement, the said institutions, while preserving their independence and respecting the conditions special to each country, are strengthened in their action by the bonds of solidarity uniting them. The task of the League is to aid in the development of rural co-operation, by exciting a movement in favour of organization where such is wanting. It must also bring the associated Federations to useful agreements, in matters of credit, purchase and sale, especially in opposition to the manufacturing syndicates. The League has already held two congresses, one at Vienna, and the other at Piacenza, and several meetings of its Board have been held at Vienna, Munich and Darmstadt, etc.

Progress of the Federation from

| Years | Members | | Shares (actions) | Capital | | Total | Real value of Shares (actions) | Value of Goods Delivered to Members |
|----------------|--------------------------------|------------------|---------------------|------------------|-----------------|---------|--|---|
| | Agric- ultural Societies | Indi- viduals | | Share Capital | Reserve Fund | | | |
| | Number | Number | Number | Frs. | Frs. | Frs. | Frs. | Frs. |
| 1892 | 56 | 32 | 158 | 3,950 | 250 | 4,200 | 25. » | .. |
| 1893 | 65 | 207 | 465 | 11,625 | 1,360 | 12,885 | 25. » | 711,147 |
| 1894 | 81 | 247 | 594 | 14,850 | 6,373 | 32,223 | 33. » | 753,401 |
| 1895 | 94 | 264 | 638 | 15,950 | 8,854 | 24,804 | 38. » | 810,435 |
| 1896 | 105 | 282 | 690 | 17,250 | 12,596 | 29,846 | 42. » | 1,568,528 |
| 1897 | 115 | 296 | 735 | 18,375 | 19,952 | 38,327 | 52. » | 2,118,629 |
| 1898 | 127 | 302 | 775 | 19,375 | 26,572 | 45,947 | 59. » | 2,656,003 |
| 1899 | 173 | 330 | 1,729 | 43,225 | 18,232 | 61,457 | 35. » | 3,944,876 |
| 1900 | 221 | 348 | 1,868 | 46,700 | 32,981 | 79,681 | 35. » | 3,806,789 |
| 1901 | 266 | 370 | 1,973 | 49,325 | 35,178 | 84,503 | 42. » | 4,086,288 |
| 1902 | 300 | 377 | 2,058 | 51,450 | 45,242 | 96,692 | 47. » | 3,992,139 |
| 1903 | 364 | 389 | 2,178 | 54,450 | 56,746 | 111,196 | 50. » | 5,374,632 |
| 1904 | 409 | 397 | 2,300 | 57,500 | 68,784 | 126,284 | 54. » | 7,824,537 |
| 1905 | 460 | 472 | 2,453 | 61,325 | 82,785 | 144,110 | 58. » | 9,389,188 |
| 1906 | 493 | 479 | 5,028 | 125,700 | 31,876 | 157,576 | 31. » | 10,613,633 |
| 1907 | 546 | 492 | 5,136 | 128,400 | 41,344 | 169,744 | 33. » | 15,068,026 |
| 1908 | 565 | 499 | 5,192 | 129,525 | 50,634 | 180,159 | 36. » | 15,686,158 |
| 1909 | 590 | 503 | 5,199 | 130,725 | 60,051 | 190,776 | 38. » | 11,326,201 |
| 1910 | 618 | 522 | 5,680 | 142,000 | 74,572 | 216,572 | 39.50 | 13,448,499 |

We must not omit either the part taken by the *Federazione dei consorzi agrari* in other undertakings of general interest, especially in the formation of the *Federazione nazionale delle casse rurali italiane*, the *Unione nazionale delle latterie sociali*, the *Comitato nazionale della mutualità agraria*, and finally, that of the *Confederazione generale delle cooperative e mutue agrarie italiane*, institutions with which the reader of the Bulletin of Economic and Social Intelligence is already acquainted.

4. *Progress of the Federation from its Foundation up to 31st. December, 1910.* — This is shown in the following table, in which information will be found with respect to the 19 working years of this institution.

ts Foundation up to 31st. December, 1910.

| Gross Profits | Expenditure and Losses | Net Profits | To Reserve Fund | To Share holders | To Purchasers | To Employees | To Propaganda Fund |
|---------------|------------------------|-------------|-----------------|------------------|---------------|--------------|--------------------|
| Frs. | Frs. | Frs. | Frs. | Frs. | Frs. | Frs. | Frs. |
| .. | .. | .. | .. | .. | .. | .. | .. |
| 22,231 | 11,222 | 11,009 | 3,948 | 665 | 3,458 | 864 | 864 |
| 18,805 | 14,601 | 4,204 | 1,864 | 804 | 1,023 | 255 | 225 |
| 18,209 | 10,746 | 7,463 | 2,751 | 1,143 | 2,378 | 594 | 594 |
| 28,218 | 12,858 | 15,360 | 6,166 | 1,095 | 5,399 | 1,349 | 1,349 |
| 31,488 | 18,379 | 13,109 | 5,202 | 1,087 | 4,547 | 1,136 | 1,136 |
| 46,720 | 24,024 | 22,396 | 9,185 | 1,111 | 8,066 | 2,016 | 2,016 |
| 71,281 | 41,608 | 29,673 | 12,377 | 954 | 10,894 | 2,723 | 2,723 |
| 57,593 | 56,566 | 1,027 | 87 | 886 | 35 | 8 | 8 |
| 92,446 | 72,708 | 19,687 | 8,089 | 942 | 7,104 | 1,776 | 1,776 |
| 138,083 | 118,088 | 19,995 | 8,202 | 988 | 7,202 | 1,800 | 1,800 |
| 123,825 | 103,472 | 20,253 | 8,335 | 1,042 | 7,317 | 1,829 | 1,829 |
| 155,424 | 134,511 | 20,913 | 8,560 | 1,083 | 7,514 | 1,878 | 1,878 |
| 160,020 | 136,781 | 23,239 | 9,531 | 1,154 | 8,370 | 2,092 | 2,092 |
| 188,700 | 167,056 | 21,644 | 8,326 | 2,451 | 7,244 | 1,811 | 1,811 |
| 239,270 | 216,778 | 22,491 | 8,662 | 2,521 | 7,538 | 1,884 | 1,884 |
| 321,037 | 298,434 | 22,603 | 8,696 | 2,557 | 7,566 | 1,891 | 1,891 |
| 301,340 | 297,412 | 21,927 | 8,393 | 2,589 | 7,296 | 1,824 | 1,824 |
| 297,819 | 274,671 | 23,147 | 8,337 | 4,039 | 7,180 | 1,795 | 1,795 |

§ 2. *General Results of the Enquiry into the Italian Agricultural Purchase Societies.*

We cannot follow the volume on the enquiry through the hundreds of pages it contains; we must rather limit ourselves to the general data. It gives for each region of Italy, for each province, the history of the co-operative movement peculiar to it. Passing from one region to another, we clearly see the various stages of the movement, indicated by certain signs, such as the number of the associations and their members, the amount of share capital, that of the reserve fund, and of the sales made each year by the societies to the farmers.

Generally, it may be said that it is above all the regions of Northern Italy, Piedmont, Lombardy, Venetia and Emilia that contribute to the advance of this form of co-operation. Tuscany, Apulia and Sicily contribute less to it but their progress is still as deserving of consideration. In the other regions of the country, co-operation is still in its infancy.

Taken all together the sixteen regions of which Italy consists presented the following situation in the year 1909 to which the enquiry refers.

| | |
|--|----------------|
| Federated Purchase Societies | 420 |
| Members | 124,848 |
| Share Capital | Frs. 9,689,224 |
| Reserve Fund | » 3,708,355 |
| Sale of Farm requisites | » 80,957,984 |

As to the importance of the movement in the various localities, we see that in number of purchase societies, Piedmont ranks first with 62; then come Lombardy, Tuscany, Venetia, Emilia, Campania and Sicily.

In number of members Piedmont again exceeds the other regions, and is followed by Lombardy, Venetia, Emilia, Apulia and Tuscany.

For capital owned by the societies, Lombardy gives the highest figures, 1,727,000 frs. capital and 870,000 frs. reserve fund. After it come Venetia and Emilia.

As to the commercial operations we have the following data: Venetia supplies the most superphosphates to the farmers: or 1,032,863 quintals. Then come Lombardy, Emilia, Piedmont and Tuscany.

The societies of Emilia provide the most basic slag.

Lombardy, Piedmont, Tuscany and Emilia consume a good deal of sulphate of ammonia.

In Lombardy a maximum of 64,787 quintals of nitrate of soda is consumed. Venetia, Piedmont, Emilia, Tuscany follow in order with regard to the amount of this article consumed.

The consumption of potassium salts is greatest in Venetia and Lombardy. After these two regions come Piedmont, Emilia and Tuscany.

Venetia consumes the largest quantity of anticryptogamic substances, 53,200 quintals. After it, Piedmont, Emilia, Tuscany and Lombardy consume the most.

In trade in seeds Emilia exceeds the others, with 56,946 quintals. Immediately after it comes Lombardy and then, at a greater distance, Piedmont, Tuscany, Venetia and Latium.

In the distribution of seeds of leguminous cattle foods, it is still Emilia that stands first, followed by Lombardy, Venetia and the Marches.

In concentrated foodstuffs, Lombardy exceeds the others. It consumes 93,054 quintals of oil cake and 35,659 quintals of other concentrated foods. Then come Emilia, Piedmont, Tuscany and the Marches.

Lombardy and Emilia use most agricultural machinery, after them come Venetia, the Marches, Tuscany and Piedmont.

Finally, Emilia shows the highest figure for total sales, 19,864,180 frs. Lombardy, Venetia, Piedmont, Tuscany and the Marches follow with progressively lower figures. We must also not omit to mention that according to the results for the working year 1910, which could not be considered by the enquiry, the sales already show an increase so that it is calculated that they have reached the figure of 90 million francs (1).

To give a still more exact idea of the progress of collective purchase in each region we give the following table prepared from the data provided by the enquiry. It shows the numerical relation between the purchase societies, the rural population and the cultivated area.

(1) In 1910 there was a considerable increase in the number of members, the share capital and the reserve fund.

| REGIONS | Number of Societies | Number of Members | Agricultural Population | Cultivated Area Hectares | Average Number of Members per Society | Percentage of the Number of Members to the Rural Population | Average Number of Inhabitants corresponding to a Society | Number of Cultivated Hectares corresponding to a Society |
|---------------------------------|---------------------|-------------------|-------------------------|--------------------------|---------------------------------------|---|--|--|
| Piedmont | 62 | 18,817 | 1,161,306 | 1,788,601 | 303 | 1.62 | 18,731 | 28,850 |
| Liguria | 12 | 2,697 | 238,277 | 225,693 | 225 | 1.13 | 19,856 | 18,808 |
| Lombardy | 47 | 16,952 | 1,162,191 | 1,511,264 | 361 | 1.46 | 24,727 | 32,154 |
| Venetia | 38 | 13,987 | 979,368 | 1,680,620 | 368 | 1.44 | 25,773 | 44,227 |
| Emilia | 35 | 12,155 | 795,768 | 1,550,326 | 347 | 1.52 | 22,736 | 44,295 |
| Tuscany | 39 | 9,102 | 723,472 | 1,377,372 | 233 | 1.26 | 18,551 | 35,317 |
| Marches | 20 | 5,342 | 403,711 | 805,238 | 267 | 1.32 | 20,185 | 40,262 |
| Umbria | 12 | 2,681 | 246,309 | 690,665 | 233 | 1.09 | 20,526 | 57,555 |
| Latium | 22 | 5,578 | 307,627 | 923,212 | 253 | 1.81 | 13,983 | 40,196 |
| Abruzzi and Molise | 21 | 7,442 | 590,083 | 1,283,177 | 358 | 1.26 | 28,099 | 61,103 |
| Campania | 34 | 8,990 | 854,322 | 1,204,203 | 264 | 1.05 | 25,127 | 35,182 |
| Apulia | 24 | 10,391 | 572,491 | 1,723,505 | 433 | 1.81 | 23,853 | 71,813 |
| Basilicata | 4 | 497 | 199,859 | 718,781 | 124 | 0.25 | 49,965 | 179,695 |
| Calabria | 12 | 4,164 | 470,927 | 1,008,484 | 347 | 0.88 | 39,244 | 84,040 |
| Sicily | 34 | 5,283 | 767,957 | 2,280,416 | 155 | 0.70 | 22,587 | 67,071 |
| Sardinia | 4 | 770 | 201,809 | 2,088,200 | 192 | 0.38 | 50,454 | 522,050 |
| Total for the Kingdom | 420 | 124,848 | 9,666,467 | 20,859,757 | 297 | 1.29 | 23,015 | 49,666 |

Thus, as appears from the preceding table, the percentage of members to the rural population is highest in Latium and Apulia, where it is 1.81 %. This is because the rural population there is not very dense. In the province of Lecce the percentage is even 2.59. Piedmont comes third among the regions of Italy with 1.62 %. Next comes Emilia with 1.52 % but it must not be forgotten that in the province of Reggio it is even 3.62 %. Then comes Lombardy with 1.46 % ; we find however 4.38 % in the province of Mantua. The percentage falls to 1.44 % in Venetia, to 1.32 in

the Marches, 1.26 in Tuscany and the Abruzzi, 1.13 in Liguria, 1.09 in Umbria, 1.05 in Campania, 0.88 in Calabria, 0.70 in Sicily, 0.38 in Sardinia, and 0.25 in the Basilicata giving a general average of 1.29 %. If again we consider the relation between the number of societies and the area over which their action extends, we see that in Liguria there is a minimum of 18,808 hectares per society and even only 12,291 hectares per society in the province of Porto Maurizio. Then comes : Piedmont with an average of 28,850 hectares, but 14,077 hectares in the province of Alessandria. This percentage is progressively greater in Lombardy, Campania, Tuscany, Marches, Latium, Emilia, Umbria, in the Abruzzi and Molise, Sicily, Apulia, Calabria, Basilicata and Sardinia. In these three latter regions there are even respectively 84,040 hectares, 179,695 hectares and 522,050 hectares on an average per society.

The average proportion for the whole Kingdom is 49,666 hectares per society.

But what most clearly shows the importance of the purchase societies is the relation between the general consumption of manure in the Kingdom and that obtained through the medium of the societies. Indeed, it appears from enquiries made that, in the case of potassium manures, 57.5 % or more than half of the total consumed, is obtained through the federated societies ; the same is the case for 43.9 % of the phosphate manures and 38.3 % of the nitrogenous manures.

II. — BIBLIOGRAPHY.

Publications of Recent Date relating to Co-operation and Association

(a) Publications of the Agricultural Organizations :

- Atti del II Congresso agrario (*Proceedings of the 2nd. Agricultural Congress*), Bologna, 28th.-29th. November, 1909. Confederazione nazionale agraria (*National Agricultural Confederation*) with headquarters at Bologna. Stab. poligrafico, Bologna, 1911.
- Atti del Sindacato Agricolo Padovano (*Proceedings of the Paduan Agricultural Syndicate*). Working Year 1909-1910. Padua, L. Crescini, 1911.
- Relazione dell'Associazione fra gli agricoltori del Vercellese (*Report of the Farmers' Association of the Vercelli Region*). 3rd. Agricultural Congress, at Bologna. Confederazione nazionale agraria. Stab. poligrafico, Bologna, 1911.
- Relazione sulle condizioni agricole e sociali del Tavoliere di Puglia (*Report on the Agricultural and Social Conditions of the Apulian « Tavoliere »*) 3rd. Agricultural Congress at Bologna. Confederazione nazionale agraria. Stab. poligrafico, Bologna, 1911.
- Relazioni sulle condizioni sociali ed agricole in provincia di Ferrara, presentata al Congresso della Federazione provinciale agraria di Ferrara (*Report on the Social and Agricultural Conditions in the Province of Ferrara, presented at the Congress of the Ferrara Agricultural Provincial Federation*) 3rd. Agricultural Congress at Bologna, P. Neri, Bologna, 1911.
- Relazione della Consociazione agraria di Roverbella. Soddisfacenti risultati pratici ottenuti seguendo l'indirizzo della Confederazione nazionale agraria (*Report of the Agricultural Federation of Roverbella. Satisfactory Practical Results obtained by Following the Direction Indicated by the National Agricultural Confederation*). 3rd. Agricultural Congress of Bologna. Confederazione nazionale agraria. Stab. tip., Bologna, 1911.
- Relazione della Associazione agraria di Ravenna sulle condizioni sociali ed agricole dell'agro ravennate (*Report of the Ravenna Agricultural Association on the Social and Agricultural Conditions of the Ravenna Campagna*). 3rd. Agricultural Congress at Bologna. Confederazione nazionale agraria. P. Neri, Bologna, 1911.
- Resoconto del XVII Congresso generale delle cooperative italiane (*Report of the 17th. General Congress of Italian Co-operative Societies*) Rome, 2nd., 3rd., 4th. July, 1911. Lega nazionale delle cooperative italiane (*National League of Italian Co-operative Societies*). Tipografia Coop. Comense, Milan, 1911.
- Società anonima cooperativa per la esportazione dei prodotti agrari. - Cesena: Come nacque e crebbe la nostra cooperativa (*Limited Liability Co-operative Society for Exportation of Agricultural Produce - Cesena: How our Co-operative Society began and how it developed*). Cesena, Giuseppe Vignuzzi and Co., 1911.

(b) Other publications:

- ALBERTI (MARIO): Cooperazione di consumo e caro-viveri, con prefazione di LUIGI LUZZATTI (*Distributive Co-operation and High Food Cost, with a preface by LUIGI LUZZATTI*). Trieste, « Società Coop. fra impiegati privati », 1911.
- BETTINELLI (DANIELE): La festa nazionale degli alberi (*National Arbour Day*), Published by the Italian Federation of " Pro Montibus " Associations. Milan, 1911.
- Dr. CASALINI (MARIO): Le diverse forme di organizzazione della piccola proprietà rurale (*The Various Forms of Organization of Small Rural Property*). Published in the " Critica Sociale ", Milan, Nos 16 and 18, 16th. August and 16th. September, 1911.
- OTTAVI (EDOARDO): Discorso d'inaugurazione del Congresso della Società degli agricoltori italiani (*Inauguration Address at the Congress of the Italian Farmers' Society*) at Turin, 11th. September, 1911. C. Cassone, Casal Monferrato, 1911.
- SITTA (PIETRO): Conquiste e speranze della cooperazione italiana (*Conquests and Hopes of Italian Co-operation*) Lecture. Typ. Coop. Soc., Rome, 1911.
- Advocate STURANI (G. E.): L'azione dell'Agraria per la piccola proprietà terriera (*The Work of the " Agraria " in behalf of Peasant Property*) 3rd. Agricultural Congress at Bologna. Confederazione nazionale agraria. Stab. poligrafico, Bologna, 1911.
- TRIACA (E.): Sindacati apistici (*Bee masters' Syndicates*). Tip. economica. Ancona, 1911.

PART II.

INSURANCE.

INSURANCE

GERMANY.

CURRENT QUESTIONS.

Social Insurance in Germany and the German Farmer.

PART III.

The Provisions of the New Code concerning Rural Labour and their Importance for Agriculture in Germany.

As we have traced the genesis of social insurance in Germany and pointed out the chief innovations introduced into the Code by the new Law in the two previous parts of this article, we have now only to make an examination of the positive law on social insurance in so far as it concerns the agricultural labourer. The Code does not always distinguish the agricultural labourer from the worker in other trades, and we must take the various provisions scattered throughout from the second to the sixth book that may be of interest to us. As to the classification of subjects, we follow almost exactly that of the Code, first of all distinguishing illness (§ 13) accidents (§ 14) and invalidity (§ 15), but shall make the following subdivisions :

- (a) the whole number of the persons insured ;
- (b) payments made to those insured with insurance institutions ;
- (c) organisation, administration and supervision of insurance institutions ;
- (d) sources of revenue ;
- (e) penal provisions.

§ 13. *Provisions relating to Insurance against Sickness.*

(a) THE WHOLE NUMBER OF THE PERSONS INSURED.

Insurance against sickness, as we have seen, is an innovation for the greater number of agricultural labourers. With the exception of a few States which have outstripped in their own legislation that of the Empire, there are at the present time only the communal banks for the use of the rural working class and a Thrift Society for the servant class, analogous to the former as far as concerns payments.

From now onwards, however, all wage-earners, whether agricultural labourers, industrial workmen, domestic servants, seamen, or others, will be compulsorily insured in the same way.

Certain trades are excepted from this rule, however, in regard to the payments.

In regard to those persons who earn their livelihood in agriculture, the Law distinguishes those for whom sickness insurance is compulsory and those who are exempt from the obligation :

(a) *insurance is compulsory* for labourers, assistants, apprentices, domestic servants, employees and foremen, when they receive a remuneration for their work, either in money or in kind. Apprentices are an exception to the rule. Employees and foremen, however, whose wages are more than 2,500 marks, are not bound to be insured.

On the other hand, the following are considered as agricultural labourers: 1. individuals employed in an undertaking attached to a farm, or other rural enterprise such as dairies, distilleries, saw-mills, etc; 2, those who work in an agricultural undertaking attached to an industrial enterprise; and lastly, 3. servants employed in agriculture in addition to their usual work.

A future regulation of the Federal Council will define the categories of additional agricultural labourers subject to compulsory insurance.

Although they may belong to the above-mentioned classes, the following are dispensed from compulsory insurance, by way of exception :

(1) persons employed by the State, the Communes, certain public and State administrations, and those individuals who are occupied on the lands of the Duke of Brunswick and the Prince of Hohenzollern ;

(2) on the request of the master, apprentices working with their parents ;

(3) labourers out of work who are employed in settlements belonging to Charitable Institutions ;

(4) individuals" who have been guaranteed compensation in the case of sickness by their masters, equal to the amount that would be paid by the insurance.

In the latter case it must be shown that the master is in a position to pay the said compensation out of his own means.

On the other hand, the master must make a collective demand for the staff regularly employed for more than two weeks in his farm or other business. This exemption, however, is available only for the duration of the contract for the work.

(β) the *insurance is optional* for labourers, assistants, domestic servants, employees and foremen for any one of the reasons indicated as not imposing the obligation of insurance, as well as for the members of the family of the master who work on his farm without a contract and without remuneration and lastly, for those masters who do not employ more than two insured salaried workmen, provided, however, in each case that these persons have not a higher annual wage than 2,500 marks. Certain other classes of individuals authorised, before the new Code entered into force, by the legislation of a confederated State, may be dispensed from the insurance obligation.

In any case the right to the payments accorded by the insurance ceases from the moment the person insured is in possession of an annual wage or income of more than 4,000 marks.

(b) PAYMENTS MADE BY SICKNESS INSURANCE SOCIETIES.

The payments due to the persons insured in the sick insurance societies may consist in assistance during sickness or confinement, or in case of death. The amount of this assistance varies according to the wage earned by the person insured. The insurance society, however, may grant supplementary payments, if such have been provided for in their rules. In general, an average of the wages received by the different classes of workers is established for the district of each insurance society, but the rules of rural insurance societies may fix the customary local wage as the average wage of the persons insured with them, and in this case the law requires employees, foremen and special labourers to be classed according to wages.

(α) Assistance *in case of sickness* may be granted :

1. in the form of care given to the sick from the beginning of the illness, and comprising medical treatment, medicine, bandages, etc. ;

2. in the form of sick pay equal to half the average daily wage. This sum is paid, in cases in which the sick person is unable to work, from the fourth day after the accident. If the patient does not become

incapacitated for work until after a certain period, the payment begins from the day on which his incapacity has been recognised.

After the lapse of 26 weeks from the beginning of the illness, or from the day when the patient began to receive sick pay, the insurance society ceases to make him any sick allowance of any kind, but, with the consent of the individual concerned, if he is married or lives with his family, the insurance society may send him to be treated in a hospital. In case the care necessitated by his condition cannot be given him at home, or if he is suffering from a contagious disease, or refuses to submit to the doctor's prescriptions, or if his condition requires constant supervision, he is sent to hospital without the previous formality of asking his consent.

If there are several hospitals to choose from, he may take his choice of them. In certain cases the insurance society has the right to send nurses to attend the sick person, and to arrange in its rules with his consent that the cost of this service be deducted from the pension to be paid in the proportion of one fourth of it. If a sick person who is sent to hospital is the entire or partial support of his family, the insurance society must pay to the members of the family a *subsidy* equal to half the pension.

The payments may be *increased* in the following manner ;

1. by the prolongation to one year of the period during which the sick persons may receive assistance ;

2. by the admission of convalescents into a convalescent home for one year at most dating from the expiration of the period during which the society allows assistance ;

3. by the gift of orthopaedic apparatus to those insured persons who have been deformed or crippled by an accident.

If the person insured is at the same time receiving a pension from another insurance institute, the payment to be made to him by the insurance society is as a rule reduced, so that the whole of the pension he receives does not exceed the amount of his daily wage. This provision may, however, be excluded or modified by the rules, which may also increase the proportion of the pension to the insured persons without distinction up to three quarters of the average wage and grant this pension to start from the first day of incapacity for work.

In addition, the rules may also provide that the pension allowed to the family of a person who is being treated in a hospital shall be equal, for holidays, to the full amount that would be due to the sick person ; to those persons who are being treated in hospital and whose family is not receiving any compensation, the rules may allow sick pay to half the amount prescribed by the law.

As far as regards agriculture, the pension may be reduced on the request of the master, who in this case must show ; 1. that he has made a year's contract with the person insured ; 2. that the latter receives during

this period either payments in kind which are more than the daily pension in the proportion of 1 to 300, or a wage which is equal to the daily pension and 3. that the person insured has a juridical right to these payments for one year.

In this case, if the person concerned should be attacked by a disease which continues beyond the period of his contract, the pension is paid to him and the master has to reimburse the amount to the insurance society. The same conditions hold if the employer does not pay the insured person the amount due to him. On the request of the sick person the society allows him the amount fixed by law, and then compels the employer to reimburse the amount.

The rules of the rural society may also decide, with the consent of the Superior Insurance Office, that all sick persons in receipt of a pension due from some other class of social insurance institute and amounting to more than the daily pension in the minimum proportion of 1 to 300 francs, shall be deprived of the latter pension. In this, however, as in the previous case, the insurance premium must be proportionately reduced.

The rate of the pension may also be lowered by the rules of the insurance societies, with the consent of the Superior Office, to a quarter of the average local wage, for the whole or a part of the period from October 1st. to March 31st. In this case also the premium rate must be reduced in proportion.

Lastly, the payment of sick pay may be absolutely or in part *refused* : 1. if the insured person has been guilty of some unlawful act towards the insurance society entailing the loss of all civic rights for a year from the expiration of the penalty ; 2. for the term of the illness, if the latter has been designedly caused by the person insured, or if it has occurred in consequence of a fight in which he has taken part.

(β) *Assistance in cases of confinement* is granted to women who have been insured at least six months.

This assistance is equivalent to the pension paid to sick persons ; but, whereas the period allowed for the payment of this pension is fixed at 8 weeks for women who work in industrial concerns, of which period 6 weeks at least must be counted from the time of the confinement, the rural societies are free to settle the length of such periods for agricultural women labourers within a minimum of 4 and a maximum of 8 weeks.

The simultaneous enjoyment of sick pay for illness and the allowance for confinement is prohibited.

The insurance society may : 1. pass the woman, with her consent, into a lying-in hospital, or ; 2. have her attended at her home by a nurse, taking the payment for the latter out of the sum due to the sick woman, which payment, however, must not exceed half the amount due. If the woman confined in hospital supports her family wholly or in part by her

earnings, a certain compensation may be paid to the family corresponding to that mentioned above for sick persons treated in hospital.

In addition, the rules of insurance societies may provide: 1. that pregnant women who are incapable of working may receive a compensation equal to that paid to sick persons for 6 weeks, but in this case the amount of the compensation for two weeks of this period is deducted from the pension paid to the woman during her confinement; 2. that a woman who is confined may receive either medical attendance or be cared for by a midwife; 3. that insured women who suckle their infants may receive compensation during the suckling period which must not exceed the half of the pension. such period to be not longer than 12 months at most.

(γ) Assistance *in case of death* is paid at the time of the death of an insured person, and the sum is equal to twenty times the average wage of the deceased.

The society must also pay this money if the insured person dies in the course of the first year of his illness without having recovered his capacity for work. The burial expenses are first deducted from this sum, however, and reimbursed to the persons who have paid them. If there is anything left, it is paid either to the widow, or the children, father, mother, brothers and sisters who lived in common with the deceased, in the order given above. If there are no such heirs in existence, the amount that is left returns to the society.

By the rules of the society this sum may be increased to 40 times the amount of the average wage.

(δ) The insurance society may also grant an *extraordinary subsidy to the members of the insured person's family*, that is to say: 1. assistance in case of sickness to the members of the family who are not insured; 2. assistance to the uninsured wife of a member of the society; 3. assistance in case of the death of the wife or of a child. This compensation, however, must not exceed $\frac{2}{3}$ for a wife, and $\frac{1}{2}$ for a child, of the sum granted to the person insured.

Those persons who are compulsorily insured have a right to sick pay in case of necessity from the time of their registration with the society.

As to those who are optionally insured, the insurance society may, on the contrary, arrange for a preliminary period of 6 weeks at most before the insured person becomes entitled to compensation, and it can also establish that payments above the minimum prescribed by the law shall only be made to persons who have been insured for 6 months at least.

All payments in money, with the exception of the compensation due in case of death, are made at the end of every week. If an insured person who is receiving money from one insurance society should pass to another society, the latter will continue to grant the same payments in conformity with the provisions of its rules.

If, in consequence of being out of work, the members of an insurance society are unable to pay their premiums any longer, after having paid them regularly for at least 26 weeks of the current year or during the previous 6 weeks, their right to sick pay remains valid for three weeks from the date on which they ceased making the premium payments through lack of work. If the assistance granted for sickness in such a case is continued up to the death of the labourer out of work, the assistance must still pay the compensation due in case of death.

These rights are abolished in the case of the labourer out of work who is living abroad.

The payments are suspended :

1. if the claimant is detained in prison or in a house of correction. In this case, if the prisoner supports his family by his labour, the society must pay a pension to the family ;

2. during the absence of claimants who are living abroad without the consent of the chairman of the insurance society ;

3. if claimants abroad have been expelled from the territory of the Empire in consequence of a criminal condemnation; or if, for the same reason, they have been expelled from a confederated State and are not living in any other.

If persons with a right to this compensation desire to settle abroad, a round sum may be granted them as compensation, to replace the pension and other payments.

If an insured person falls ill abroad, and is unable to return to Germany on account of his condition, he receives the payments which are due to him from the society from his employer, who has to give notice of the case to the society within a period of one week, and the society then has to reimburse the amount.

The claims of the insured against the insurance societies are not valid after the lapse of two years from the date on which they are due.

(c) ORGANISATION, ADMINISTRATION AND SUPERVISION OF THE INSURANCE SOCIETIES.

The sickness insurance societies may be classed in three categories :

1. the local societies ;

2. the rural societies ;

3. the business societies ;

The local and rural societies generally have a sphere of action which corresponds to that of an insurance office. The superior administrative authorities, however, may make certain modifications in their rules, and the Confederated States, on their side, may prohibit, by means of their own

legislation, the coexistence of rural and local societies side by side. In any case, rural societies with less than 250 members cannot be founded near local societies. If the agricultural employers and insured labourers do not see the necessity for founding a rural society, the idea may be given up, with the consent of the insurance office. The foundation of a local society may also be dispensed with, if the superior administrative authority consents, in case that the number of compulsory members would not reach 250.

The local or agricultural societies may be founded on the decision of a *meeting of communes* (*Gemeindeverband*); if the districts do not take this decision in time, the superior insurance office acts for them.

1. All those persons who do not belong to a special society, such as agricultural societies, mining societies, etc., are insured in the *local societies*.

2. All those persons who are employed in agriculture, domestic servants, persons exercising an itinerant trade, those who work at their own homes and the persons employed by them, gardeners, etc., are insured in the *rural societies*, if they are employed in undertakings connected with agriculture. Other classes of workers may also be admitted to these societies, on the decision of the Federal Council. In the case in which any particular district has no local societies, the persons who would otherwise belong to these must become members of the agricultural society, and vice-versa.

3. *Business societies* may be constituted :

(a) if a rural undertaking, or several rural undertakings together give continual employment to 50 insured persons at least ; (b) if they do not endanger the existence of an already existing local or rural society; (that is to say, if the number of persons insured in these latter drops below 100) (c) if the payments prescribed by their rules are not inferior to those of the societies above-mentioned ; (d) if they appear to be capable of fulfilling their engagements in the future.

The request for the authorisation of such a society must be sent to the insurance office, which, on its side, gives notice to the other societies, asking them to give their opinion on the matter and submit the request to the superior office. The societies founded before the Code entered into force are subject to the same regulations.

The law provides in certain cases for a fusion of these societies. For instance, a rural society the members of which number less than 250 and the utility of which may be contested should be in connection with the local society. A local society in similar conditions must be connected with to the rural society. If the members of a local or rural society belonging to the district of an insurance office which includes several of these societies drop below 250, the society may be dissolved.

The business societies may be united or suppressed in the same manner.

Each society is composed, on the one hand, of its members, that is to say, the persons insured, and on the other, of its administrative body.

As far as the *compulsory members* are concerned, every person entering one of the categories subject to compulsory insurance becomes a member by the mere fact of his employment. All the members of a new business society acquire this quality from the very day of the foundation of the society. Those persons who are optionally insured become members of a society at their request, presented either verbally or in writing. If they are suffering from illness at the time of making this request, however, they have no right to payment from the society, which may require that a doctor's certificate as to their condition be handed in before it decides in favour of their admission.

The members retain their quality of membership even in the case of incapacity for work as long as they have a right to payments from the society.

Membership of a society ceases if the person concerned is registered with another society or when he no longer has the employment which renders the insurance obligatory. A person, however, who has been insured during the previous year for at least 26 weeks may retain his quality of membership. He must not transfer his domicile abroad, however, and he must inform the society of his intention to keep his membership within a period of three weeks from the time his work comes to an end or from the time the payments of the society cease.

Persons optionally insured lose their membership if they neglect to pay their insurance premiums twice running. The director of a society gives notice to the person insured that he has lost his membership if he learns that the latter is enjoying an income of more than 4,000 marks. All his rights are forfeited as the result of this notification.

The employers must inform the society that they have taken on new employees within a period of three days from the beginning of the employment; and the same period is allowed for the notification of the dismissal of an employee or of any modification in the contracts.

The administrative bodies of the societies include the management and an executive committee. The members of the management (*Vorstand*) of the societies elect their chairman (*Vorsitzender*); but in the rural societies the delegates of the Commune elect the chairman and the assessors.

A third of the members of the executive committee is formed of the representatives of the employers and the other two thirds of the representatives of the insured. In the rural societies, the delegates of the Commune select the third of the employers and two thirds of the insured from amongst themselves.

In the business societies, the employer or his representative, on the one hand, have the same functions, and, on the other hand the workers' delegates, the numbers of whom must not exceed 50. The employer presides at the sittings, and he has a right to a number of votes corresponding to half the workers' suffrages.

The members of the administration exercise their functions in accordance with the prescriptions of the law and the rules, which latter must be drawn up before the foundation of each society and must fix : 1. the denomination and headquarters of the society ; 2. the kind and rate of the payments ; 3. the premiums and terms of payment ; 4. the composition, rights and duties of the management ; 5. the composition and date of convocation of the committee ; 6. the form of the budget ; 7. the form of the annual statement and of its approval ; 8. the compensation to be paid to the members of the administration ; 9. the publication arrangements ; 10. changes in the rules.

Some employees may act as assistants to the members of the administration, for the purpose of aiding them.

As to the *resources of the society*, they must only be used for payments which are legal and in accordance with the rules, for working expenses and for the purpose of preventing disease.

Each society accumulates a reserve fund equal to the average annual expenditure of the last few years. The form of the bookkeeping is prescribed by the Federal Council.

The doctors attached to the societies are engaged by contract, and, the societies, except in urgent cases, are authorised to decline any payment to other practitioners who may be consulted by the persons insured. On the other hand, the societies may grant to the persons insured the option of one of two doctors, on condition that the expenditure is not too great. The societies are also authorised to make contracts with hospitals and certain pharmacies, which must make reductions of their usual prices for the benefit of the societies.

Control over these societies is exercised by the insurance office, except in certain cases concerning the hospitals and pharmacies, in which the superior office has the control.

(d) SOURCES OF REVENUE.

The resources necessary for the payments of the insurance against sickness are provided, in the case of compulsory insurance, by the employers (1/3) and the persons insured (2/3). In the case of optional insurance, the person insured pays the whole of the premium, which represents so much per cent of his average wage. (*Grundlohn*).

Those insured persons who are temporarily receiving a smaller wage than they usually earn, may, at their request and out of their own means continue to pay the premium of the class to which they have hitherto belonged. The premium which must not exceed $4\frac{1}{2}\%$ of the average wage, does not have to be paid during illness and confinement. The law allows exceptions to this rule only in the case that the available funds are insufficient or if the employers and workmen adopt a higher rate in common accord.

If the rate of the premiums of a rural society or a business society should reach 6% of the average wage and still not be sufficient to cover the payments, the communes or heads of undertakings must make up the deficit out of their own resources. The premiums are paid at different periods fixed by the rules, and the payment is made by the employers on behalf of their employees who are compulsorily insured, or by the persons themselves who are optionally insured in their own names.

The two thirds of the premium which are to be paid by the person insured can only be deducted by the employer from the wage, which is paid in money, and in this connection the rights of the employer lapse when they refer to the last contribution but one.

If the wages are paid to the labourer in kind, the administration of the society decides how much is to be levied for the insurance.

(e) PENAL PROVISIONS.

In order to ensure the carrying out of the insurance, the law punishes:

1. those insured persons who do not carry out the doctor's prescriptions, or who conceal the fact that they are insured with another society and receiving payments from it ;
2. those employers who do not give notice that they are employing persons for whom the insurance is compulsory ;
3. those employers who fraudulently deduct more than $\frac{2}{3}$ of the sum payable by the worker from his wage ;
4. those employers who fraudulently neglect to pay the society the levies for insurance ;
5. those administrators and employees who act deliberately to the disadvantage of their society.

§ 14. *Provisions concerning Accident Insurance.*

The branch of social insurance which presents the greatest number of peculiarities, from the agricultural point of view, is and has always been, insurance against accident, and it is treated at considerably length in the Code (128 par., IIIrd. book).

Although this branch is treated, so to speak, separately, the sense of it is needlessly obscured at times by references to preceding paragraphs, as far as industrial accidents are concerned. We have only to add here a section concerning the means for preventing accidents to the subdivision already made for sickness insurance.

(a) THE WHOLE NUMBER OF THE PERSONS INSURED.

Each individual subject to insurance in a rural accident insurance society must belong to an agricultural undertaking. The Imperial Office may determine what branches of industry are considered as agricultural undertakings. Generally speaking the definition of an agricultural undertaking is here identical with that given for sickness insurance. Ordinary repairs to buildings which are used for farmwork form part of it, as well as the works that have to be carried out by the head of an undertaking in accordance with an obligation of public law, such as the establishment or maintenance of buildings, roads, embankments, canals, water-courses, etc., and works concerning horticulture and those to be carried out within the precincts of cemeteries, provided that these works are not subject to industrial insurance. Industrial undertakings for the transformation of rural produce are also subject to rural accident insurance, with the exception of mines, saltworks, smithies, etc., and undertakings assimilated to factories by the Imperial Office, on account of their wide extent, a special installation and the number of their workers.

Amongst the persons employed in the above mentioned undertakings, the following *must be insured* without distinction of wage :

- 1) ordinary agricultural labourers ;
- 2) professional labourers, such as gardeners, forest rangers, millers, etc. ;

- 3) assistants and apprentices ;

- 4) farm employees whose wages do not exceed 5,000 marks a year ;

The insurance *may be made compulsory* by the rules for :

- 1) the heads of undertakings and their substitutes who do not employ more than 2 insured persons, and whose annual income is not more than 5,000 marks ;

- 2) employees whose wages do not exceed 5,000 marks.

Lastly, the following are subject to optional insurance.

- 1) the head of an undertaking and his partner who do not regularly employ more than 2 insured persons and whose annual income is not more than 2,000 marks. There is, however, a provision in the rules permitting this limit to be extended.

(b) THE PAYMENTS OF CO-OPERATIVE INSURANCE
SOCIETIES TO THE PERSONS INSURED

The insurance payments must compensate the person insured or his family for the consequences of an injury, or must be granted in the case of death. They are not due, or they can be refused in part if the person insured has received his injury whilst committing an offence or a crime.

The payments are not granted until the end of the 13th. week. They may consist: 1 in medical treatment; 2. in a pension during the incapacity for work; 3. in compensation in the case of death and a pension to the heirs.

As to the *medical treatment*, the payments correspond to those of the sickness insurance funds. Although it is the Commune or the insurance society which has to supply the medicines up to the end of the 13th. week, the co-operative society may be substituted for them and take the injured person in its charge from this period, a certain part of its expenditure being reimbursed to it.

As to the *pension*, it corresponds, in case the injured person is totally incapacitated from work, to $\frac{2}{3}$ of the annual normal wage of the individual concerned. If the incapacity for work is only partial, the amount of the pension will depend on the amount of work that he is able to do. It may eventually be increased up to the amount of the wage, if the injured person cannot do without the aid of some other person, on account of his serious condition.

If the person who has been injured in an accident cannot find work on account of his condition, the co-operative society may increase the partial pension up to the amount of the entire pension. (or $\frac{2}{3}$ of the wages). The pension is calculated on the basis of the wages that the insured person has received during the year preceding the accident.

If the annual wage of the *employee or professional labourer* is less than 300 times the usual daily wage of the place (*Ortslohn*), this wage, multiplied by 300, is considered as the annual wage.

The pension for young girls and lads (*Jugendliche*) who have been injured, calculated in accordance with the usual wages of the place, is first established according to their age, dating from the day when they were victims of the accident, and it must be increased in proportion as they increase in years.

The pensions of the other individuals and labourers employed in agriculture and not mentioned, as well as those of the heads of undertakings, are fixed by the Superior Insurance Office on the basis of the *average annual wage of agricultural labourers*, determined separately for agricultural and forest undertakings, and for men and women, insured persons of less

than 16 years, those between 16 and 21 years, and those of more than 21 years.

In every case where the annual wage is more than 1,800 marks, only one third is considered. When the victim of an accident is already suffering from a permanent partial disablement, the pension for which is fixed in accordance with the average annual wage, that portion only of the wage which corresponds to the degree of capacity of the victim before the accident is taken as the basis for the new pension.

As to *compensation in case of death and the pension to be paid to the heirs*, the co-operative society must allow the heirs of an insured person who has been killed in an accident compensation equal to $1/15$ at least of the annual wage of the deceased and not less than 50 marks. The pension which must be paid annually to the heirs in addition to this sum must be equal to $1/5$ of the annual wage of the deceased for the widow up to the time of her death or until she marries again, and $1/5$ for each child, legitimate or illegitimate, up to the time that it is 15 years of age.

If the widow marries again she has a right to a round sum equal to $3/5$ of the annual wage of the deceased in place of the pension, and the pensions of the children continue their course.

If the widow was not married to the deceased until after the accident which caused his death, she receives no pension, unless the co-operative society should decide to the contrary. The illegitimate orphans of an insured woman who has been killed in an accident, have likewise a right to a pension, even if she was not legally married or if they were born before her marriage. In the case of the death by accident of a married woman who, in consequence of the disablement of her husband, had been either entirely or partially supporting her family, the husband and children have similar rights to those mentioned for the members of a family whose head had been killed by accident. If the deceased had parents or grand parents whom she was entirely or partially supporting by her labour, these have a right to a pension equal to $1/5$ of the annual wage of the insured person. If the relatives are of the first and second degree, those of the first degree have rights prior to those of the second. Orphaned grandchildren have also a right to pensions up to their 15th. year.

The pensions for heirs must not exceed altogether $3/5$ of the wages of the deceased, and if the pensions of the consort, children and grandchildren absorb these $3/5$, the other relatives have no claim.

Instead of having the injured person cared for at home and paying him a pension, the co-operative society may have him placed in a hospital. In all that concerns the consent of the injured person, the subsidy payable to his family, the determination of the new pensions and the question of the beneficiary's residence abroad, the prescriptions are closely analogous to those that we have been examining in relation to sick ness insurance.

Communes and Federations of Communes may, with the consent of the superior administrative authorities, decide that the pensions be paid, up to the amount of $\frac{2}{3}$ of the wage, not in money but in kind. This provision, however, may be made only with regard to those insured persons who inhabit the same district. It is the Commune where the insured person lives which grants the pension in kind, and which can recover the value of the pensions so paid from the co-operative society. The value of these payments in kind is determined by the superior administration.

(c) THE ORGANISATION, ADMINISTRATION AND CONTROL, OF CO-OPERATIVE INSURANCE SOCIETIES.

The institutes (*Träger*) for accident insurance are the co-operative societies of agricultural employers founded in the local districts (Provinces, States). The employer, in the insurance meaning of the term, is the person on whose account the undertaking is carried on. For a person to become a compulsory member of a professional co-operative society, the undertaking in which he is engaged must belong to the category of undertakings with which the co-operative society is concerned, and must have its headquarters in the latter's district. All the real estate belonging to one proprietor is considered as one farm. The members may be represented in the co-operative society by their representatives. The members or their legal representatives who are not in enjoyment of their civil rights have no voting rights.

In order to keep up to date in the number of its members, the Communal authority is bound to give notice to the management of the co-operative society of every new undertaking which is started, sending the information through the Insurance Office. The head of the undertaking must give notice to the co-operative society within the period prescribed in the rules of any change in the person for whom the undertaking is carried on. He is responsible for the payments up to the expiration of the working year during which the notification of the change is made, without, however, exonerating his successor from the same responsibility.

The administration of the co-operative societies and the order of their operations is regulated by the rules decided on by the assembly of the association, which must contain : 1. the name, head quarters and province of the co-operative society ; 2. the composition, rights and obligations of the management ; 3. the form of the announcements of the decisions of the management and of its signature, the way in which the management makes its resolutions and its representation with outsiders ; 4. the constitution of the commission (*Ausschuss*) of the co-operative society for issuing rules in regard to complaints ; 5. the composition and convocation of the assem-

bly and the way in which it makes its resolutions; 6. the voting right of members and the verification of their powers; 7. the representation of the co-operative society in the management; 8. the amount of the compensation to be paid to the representatives of the persons insured; 9. the basis of the distribution of the payments (premiums) and, if they are not divided according to the assessments, the procedure that is to be followed in the estimation and fixing of it; 10. the procedure to be followed on the opening of new undertakings, modifications in those already existing or changes in proprietorship; 11. the arrangements in consequence of the cessation of an undertaking or of change in the proprietorship, especially as regards the guarantees to be furnished for the payments when the undertaking comes to an end; 12. the preparation, examination and reception of the annual statement; 13. the execution of the provisions passed for the prevention of accidents and the supervision of undertakings; 14. the procedure to be followed at the time of the notification and of the retirement of insured heads of undertakings; 15. the method of publishing announcements; 16. the amendments of the rules; 17. what persons are to be considered as professional labourers.

As to the organs of the co-operative society, they are composed, on the one hand, of the management, and, on the other, of the general assembly. It is the province of the assembly to select the members of the management, to amend the rules, to approve the balance sheets and to fix the compensation for loss of time and travelling expenses to the members of the management. Only the agricultural or forestry members of the co-operative society or their representatives can become part of the management. The assembly of the rural co-operative society may, with the approval of the superior administrative authority, delegate to the organs representing the local administration, either altogether or in part, the examination and receipt of the annual statement. In consequence of this delegation, the rights and obligations of the executive authorities of the association pass to the executive authorities of the local administration.

Outside the questions in regard to which the competence of the assembly is expressly declared, the administration of the co-operative society is carried on by the management, whose services are gratuitous on principle. In addition to the investment of the funds of the co-operative society, the chief business of the management of the co-operative societies is the *determination of the pensions*. The district of the co-operative society is subdivided for this purpose into local sections. The heads of these sections decide in any case of accident, whether to give: 1. medical treatment; 2. a temporary pension; 3. admission into a hospital; 4. a pension to the heirs; 5. compensation in the case of death. The other cases are decided by the management of the co-operative society.

If it is so decided in the rules, the 5 cases above mentioned may also be submitted to the competence of the management, or to that of a commission or its representative. If the accident is of a suspicious character, the co-operative society may make an additional inquiry, either personally or through the Insurance Office. If the society is of the opinion that its interests are in imminent danger, it may also demand information from certain authorities. By a special provision of the State legislature, the insurance offices may be charged to make the inquiry in each of case accident.

When the question is one of granting, refusing or changing a pension, giving medical attendance to a sick person at his own home or putting him in a hospital, granting round sums as compensation, compensation for a death or pensions to the heirs, the judgment of the competent administrative body is given in writing ; it must be given in detail and must bear the signature of the chairman. When the question concerns the granting of a pension to an injured person, the degree of the claimant's incapacity for work must be made evident. If, in consequence of the injury, a pension cannot be granted definitely at once, the co-operative society may fix a provisional pension for 2 years, at the end of which period the definite pension is fixed. The person insured has the right of lodging a complaint in writing against this decision with the co-operative society, provided that he makes the complaint within one month, and he has a right to be heard personally by the co-operative society or by the insurance office. The co-operative society must hear the opinion of the doctor who has attended the injured person. The protest against the new calculation of pension must not be addressed to the co-operative society, but to the insurance office.

The control of the professional co-operative societies is generally exercised by the Imperial Insurance Office, or by the State Office in those States which possess one. A certain number of cases are expressly reserved for the State Offices, when there are any, while others that concern the co-operative societies of several States are under the control of the Imperial Office.

(d) SOURCES OF REVENUE.

In insurance against accidents it is, as we have seen, the heads of undertakings alone who supply the funds. The yearly expenditure of insurance for the payments to be made is covered by the premiums of the members of the co-operative society, who are generally taxed for this purpose in accordance with a system based on the number of workers necessary for each undertaking and on the class of risks to which the persons

employed in the undertaking are exposed. 'The number of days' work necessary every year for the working of an undertaking is estimated for each head of an undertaking, the number of workmen employed and the duration of their labour being taken into consideration. It may be settled in the rules that the service given by domestic servants and others is to be estimated separately. The payment for the labour of the employees of the undertaking, the professional labourers, the heads of undertakings and the members of his family who are not insured must not enter into the calculation. The rules may prescribe uniform payments, on a scale to be settled at the time, for undertakings in which 5 persons at most are regularly employed.

The administrative body of the co-operative society has to concern itself with the estimation and the classification of the undertakings according to the class of risks.

Another method of division is that in accordance with the assessments. It may be applied only when the regional law does not exclude the members of the employer's family from the insurance and when the division according to the work done and the categories of the risks is not convenient. The rules may also arrange that the premiums shall be paid as additional payments on the taxes. In order that this system may be introduced it must always be voted by two thirds of the assembly of the co-operative society. The payment is then estimated in a percentage of the land tax. As for those enterprises which are attached to the undertaking, the employees, professional labourers, etc., and the persons optionally insured must make additional payments which are fixed by the rules.

In case the division in accordance with the taxing list is admissible, the rules may fix another suitable basis for the collection of the premiums, such, for instance, as the kind of cultivation, the area on which the land tax is paid, the net income regularly yielded on an average by the landed estate, including the buildings standing on them and serving, for the same work the proportional value of which is obtained by multiplying this net income by 25.

As to insurance against accidents, we must add here a special section concerning :

(e) PREVENTIVE MEASURES AGAINST ACCIDENTS.

We have already seen, in our statistical introduction, the enormous importance of the preventive measures in relieving the co-operative societies from the payment of future pensions. For their facilitation, the law compels the professional co-operative societies to establish a regulation on:

1. the institutions and measures that must be arranged for by the members in their undertakings in order to prevent accidents ;

2. the precautions that must be taken by insured persons in the undertakings in order to avoid accidents.

The project for this regulation must be presented to the Imperial Insurance Office.

The regulation is voted at a sitting of the management, to which an equal number of insured persons with voting rights, elected from amongst the representatives of the insured at the insurance office, must be added. The Office of the Empire must also be asked to send a representative. When the co-operative society is administered by the State authorities or by the institutes of the local administration, representatives of the employers and of the insured persons are called upon, in equal number, to decide and vote on the measures to be taken for the prevention of accidents. The employers' representatives are then taken from amongst the agricultural employer assessors of the superior insurance offices of the district and drawn for by lot by the chairman, at a sitting of the executive of the local administrative body or of that authority itself.

The regulations, which will be subject to revision every year, must be fixed on the walls in the premises of the undertaking, so that every labourer may be aware of their contents and conform to them. When an employer employs foreign workmen, the regulations must also be published in the language of these foreigners.

The co-operative societies must supervise the carrying out of these regulations. They are authorised and obliged, for this purpose, to provide themselves with an adequate *technical supervising staff*. The employers must allow this staff access to the premises in which the undertaking is carried on, and the same facilities must be allowed to the delegates of the co-operative society and the permanent members of the Imperial Office, who must bind themselves to maintain trade secrets.

(f) PENAL PROVISIONS.

With regard to the penalties and fines that may be inflicted by the management of the co-operative society, the following must be first mentioned.

1. the penalties inflicted on members of the co-operative society and on the persons insured, in consequence of the non-observance of the regulations established with the object of avoiding accidents ;

2. the penalties inflicted on the members of the co-operative society when they have not given notice of the accident to the society within the required time ;

Further, the employers may be sentenced to pay a fine not exceeding 500 marks ;

3. when data, the inaccuracy of which is known, or ought to be known to them, are contained in the statement of the total salaries or wages made for the division of the premiums, in explanations supplied to the competent administrative body of the co-operative society for the arrangement of the various categories of the risks, in information forwarded by them for the estimation of the work done or forwarded as to the conditions of their enterprise or of their workmen, in an announcement or notification made concerning a change of proprietorship or modifications in the undertaking.

The management may also inflict fines not exceeding 300 marks when the employers :

4. do not make the obligatory declarations in the required time in regard to the wages paid or the classes of risk, or do not conform to the prescriptions of the rules in regard to the termination of an enterprise or a change of proprietorship.

§ 15. — *Insurance against Invalidity and in Favour of Heirs.*

(a) PERSONS COMPULSORILY AND OPTIONALLY INSURED.

Insurance against invalidity is *compulsory*, from the 15th. year :
1. for workmen, assistants, journeymen, apprentices and domestic servants ;
and 2. for employees, foremen, etc. employed on farms, when these two categories of persons are working for wages and the whole of their annual wage does not exceed 2,000 marks. For persons employed in the house and not paid in money the insurance is not compulsory. The Federal Council may decide whether, and to what extent, persons who work at home must be insured and, to what extent persons giving temporary service should be dispensed from the obligation of insurance.

The Federal Council may also dispense foreign workers from this obligation when the administrative authorities only permit their sojourn in the Empire for a limited period. The insurance premium which would be due from the employer if the question were one of a workman of the country must all the same be paid to the insurance institute in this case. Persons employed by the Imperial Government, a State, a Commune or an insurance institute, who receive, for themselves and for their widows pensions corresponding to the first class payments of the invalidity insurance, are likewise exempted from compulsory insurance ; and those persons also are exempted who are in receipt of an invalidity pension or an inheritance pension from social insurance institutes.

On the request of the wage-earner, those persons to whom the Empire, a State, a Commune or an insurance institution has allowed a pension, an allowance while unemployed or some similar allowance, which is not less

in amount than the insurance payments, and whose heirs have also a right to a subsidy, may be freed from the insurance obligation. The following persons may also be exempted, at their request : young persons who, during or after their University studies are employed in practical agriculture in view of a superior profession exempt from the compulsory insurance ; persons who in the course of a civil year do not work for wages for more than 12 weeks in a certain season, or for more than 50 days altogether, and who, in addition to this work, do not live on their earnings. The exemption takes effect at the time when the request is sent to the insurance institute.

The right of taking out an *optional insurance* with the invalidity insurance institutions belongs to: 1. employers who do not as a rule employ insured workers, or 2 at most and persons who work at home ; 2. employees, foremen, etc., employed in undertakings and earning a salary of more than 2,000 marks ; 3. persons who are not in receipt of wages, but who work for board and lodging ; 4. those persons who do special work and are dispensed from the insurance obligation by decree of the Federal Council.

(b) THE INSURANCE PAYMENTS FOR INVALIDITY AND IN FAVOUR OF HEIRS.

The payments of this branch of insurance are multifarious. In accordance with the nature of the insurance, the prevailing payments are in pensions or in capital, payment in the form of medicine playing only a very secondary part. The following may be distinguished amongst the payments : 1. pensions for invalidity or old age ; 2. compensation to widows and in certain cases to widowers ; 3. compensation to orphans.

In order to obtain an *invalidity and old age pension*, the candidate must ; 1. either be incapacitated or have reached the age of 70 years ; 2. have been insured for a certain minimum of time, and his rights must not have lapsed.

The *compensation to heirs* is granted if the deceased had been insured at the time of his death for the minimum of time, and if his right to the payments (*Anwartschaft*) had not lapsed at the time.

The *compensation to the widow and orphans* is allowed, on the contrary, outside the preceding circumstances, only when the widow, at the time the payment is made, fulfills the conditions of the waiting period (*Wartezeit*) and her right (*Anwartschaft*) has not lapsed. In any case, pensions referring back to a period of more than one year from the sending in of the request cannot be paid, unless the claimant was prevented from making her request by circumstances over which she had no control. Insured persons who cause their incapacity deliberately lose all right to the

pension. If the person insured has been incapacitated through committing a crime or a criminal offence, the pension may be either diminished or refused. If the insured person lived abroad, whilst his family, which was either entirely or to a large extent supported by his labours, continued to live in the territory of the Empire or in its Colonies, the pension may be paid to it.

a) The *invalidity pension* is due, without regard to age, to the insured person who has become incurably invalided in consequence of an illness or infirmity, that is to say, if he is no longer able to earn more than a third of the wages that healthy persons of his class usually earn, in the place where he lives. The pension (which is then called a sick pension) is also granted to those persons who are not yet definitely ill, but whose temporary invalidity has lasted more than 26 weeks in succession.

The *old age pension* is granted from the completion of the 70th. year, even if the person insured is not invalided.

The *widow's pension* is paid to the widow who is definitely invalided or to the widow who is temporarily invalided for more than 25 weeks in succession, after the death of her insured husband. When an insured woman, who supported her invalided husband and her family either for the most part or entirely, dies, her husband is allowed a pension, if he fulfils the above-mentioned conditions. If the insured father or mother, the support of a family, die, the legitimate orphans have a right to a pension up to the completion of their fifteenth year.

As to illegitimate children, they receive a pension only in the case of the death of their mother, if she is insured. In the case of an orphan's pension it is of no consequence whether the mother was married at the time of death or not. In case that the deceased either entirely or largely supported the orphans of a deceased son or daughter, these grandchildren, if they are indigent and have not yet reached the age of 15 years, have a right to the orphans' pension. The pension of heirs begins from the day on which the insured support of the family dies. The heirs of an insured foreigner who are not living in the Empire at the time of his death, have a right to only one half the payments, after the deduction of the Empire's contribution. The Federal Council may decide for some exceptions to this rule, however, in the case of citizens of certain foreign States which have reciprocal agreements in the matter of social insurance. The payments are not due to the heirs when they have wilfully caused the death of the insured person.

Payments in kind may be substituted for the money payments granted to insured agriculturists in the proportion of 2/3, when the Communes, with the consent of the superior administrative authorities, set forth in their rules that the claimants are in the habit of receiving their wages in kind, and if they are willing to accept these payments instead of money.

If the claimant is an orphan, the guardian and the chamber of guardians must also give their consent. The value of the commodities is fixed at an average price by the superior administrative authorities. The rules may authorise the management to put invalided persons into a private asylum.

(6) *Medical attendance* may be granted to an insured person or to a widow for the purpose of preventing their invalidity. As a preventive measure the institute may place sick persons in a hospital or a private asylum. The prescriptions are practically the same, in regard to the consent of the sick person and the compensation to his family, as those that we have examined for sickness insurance.

(7) As far as the *right to a pension* is concerned the beginning, the stoppage and the end of the waiting period (*Anwartschaft*) must be studied.

The right to an *invalidity pension* can only arise, in case the insured person has paid at least 100 weekly contributions (*premiums*), after the payment of two hundred, and in any other case after the payment of five hundred weekly premiums. For the old age pension it is always necessary that 1,200 weekly premiums have been paid.

By the payment of these premiums the insured person acquires a right to a pension in the case of accident or old age. But it is not merely necessary that the minimum number of premiums have been paid; the right of candidature must also be *preserved*.

This *ceases* if the insured person, in the course of two consecutive years and in the case of compulsory insurance, has not paid at least 20 weekly premiums, and in the case of optional insurance at least 40 weekly premiums. It must also be mentioned that the period passed in military service, during illness or when the insured person is receiving a pension for invalidity, old age or accident (of the value of at least $\frac{1}{5}$ the full pension) is considered as if the premium had been paid during this time. The right to payments (*Anwartschaft*) revives when the individual resumes an occupation entailing compulsory insurance or when, in resuming the optional insurance, he has completed payment of 200 weekly premiums. If, under these conditions, the insured person has passed his 60th. year, his rights (*Anwartschaft*) cannot be resumed unless he has paid 1,000 weekly premiums before reaching that age, or, if he is more than forty years of age, he must have previously made 500 weekly payments.

(8) The *amount of the invalidity and old age pensions* is based on the number of weekly premiums (*Beitragswochen*). Each pension in these two categories is increased by an annual contribution of 50 marks paid by the Empire.

The calculations for the invalidity pension are based on the 500 weekly premiums. If the number of weekly premiums is in reality less than

500, those which are lacking are considered as being made for class I. If the number is higher than 500, the lower class premiums are eliminated.

There are 5 classes of wage-earners altogether, so that the pension is first of all dependent on the class to which the 500 premiums serving as a basis belong, and secondarily on the class of the other premiums. For each of the 500 premiums serving as a basis there are paid :

| 12 pfennigs | for | Class | I |
|-------------|-----|-------|-----|
| 14 » | » | » | II |
| 16 » | » | » | III |
| 18 » | » | » | IV |
| 20 » | » | » | V |

For the subsequent premiums the pension increases by :

| 3 pfennigs | for | Class | I |
|------------|-----|-------|-----|
| 6 » | » | » | II |
| 8 » | » | » | III |
| 10 » | » | » | IV |
| 12 » | » | » | V |

The weeks of military service, illness or the enjoyment of a pension are counted as if paid by contributions of the IIInd. Class.

As to the *old age pension*, the maximum number of weekly premiums considered in the calculation is 1,200. If there are many more, only those of the highest class are considered. If the number of premiums is less than 400, those which are lacking are reckoned as belonging to the IIInd. Class. The annual pension, in addition to the subsidy of the Empire, is 60, 90, 120, 150 and 180 marks for the 5 classes of wage-earner. If the premiums paid have been of several different classes, an average is taken.

(9) The pensions may be *definitely refused* : 1. when the claimant is not invalided ; 2. if the insured person refuses, without a reasonable motive, to submit to the medical treatment ordered by the insurance institute ; 3. in certain cases already examined the pensions of widows and orphans cease when the recipients are no longer indigent ; 4. if the pensions have been granted to the family of an insured person who was believed to be dead, and it is discovered that he is still living.

The payment of the pension may, lastly, be suspended : 1. when invalidity and old age pensions have been granted at the same time as an accident pension of more than $7\frac{1}{2}$ times the basis of the invalidity pension ; 2. when, added to an accident pension, the pensions granted to a widow or widower exceed three and a half times, and that to the orphans three times the invalidity pension serving as a basis which the insured person who was the support of his family would have had at the time of his death ;

3. the pension is suspended when the claimant is detained in prison or in a house of correction. If he has a family that he has been supporting, however, the family receives the pension. 4. when the beneficiary is voluntarily living abroad ; 5. when a claimant of foreign nationality is interdicted from sojourning in the land in consequence of a criminal condemnation.

If a claimant of foreign nationality should go back to his own country, he may be granted from the insurance, with his consent, a round sum as compensation equal to 3 times his annual pension, or, if he is in receipt of an orphan's pension, one and a half times the annual pension.

When an individual has a right to several invalidity and heirs' pensions, the lesser pension is suspended from the day on which the accumulation begins.

(c) ORGANISATION, ADMINISTRATION AND SUPERVISION
OF INSURANCE INSTITUTIONS.

The invalidity and old age insurance institutions are genuine State institutions, each of which is generally founded for one province or one State. Several confederated States, however, may be permitted to have a common institution between them. Such an institution can be founded only with the authorisation of the Federal Council, competent for all the ordinary insured persons of the district. Each institute must have rules which indicate, in addition to the head quarters and the district : 1. its denomination ; 2. the number of employers and insured persons attached to the management ; 3. the enumeration of the subjects which must be dealt with and resolved in the presence of representatives of the employers and the insured persons ; 4. the number of members of the committee, the method of its convocation, its rights and duties, the nomination of its chairman, the method of taking decision and its representation outsiders persons ; 5. the form of the announcements by the management, its signature in the name of the institute, the way in which the management passes its resolutions, its representation with outsiders ; 6. the representation of the Insurance Institute with the management ; 7. the amount of the compensations payable to the representatives of the employers and the insured persons ; 8. the composition of the balance sheet ; 9. the composition and approval of the budget, in so far as the supreme administrative authorities do not intervene ; 10. the publication of the annual statements ; 11. the mode of the publications ; 12. the amendment of the rules.

These rules serve as regulations for the administration of the institutions, which is entrusted to the management to the extent authorised by the text of the law or the rules.

The management includes one or more employees of the Commune or the State in which the institute has its headquarters. Outside these ordinary members there are some extraordinary members representing the employers and the workers. If the number of ordinary employees is larger than that of the extraordinary members, a certain number must abstain from voting, so that the votes of the two classes may be equal.

In addition to the management there is a *committee* composed in equal degree of the representatives of the employers and those of the workers living in the district of the insurance institute. The following business is within the province of this committee : 1. the election of the extraordinary members of the management; 2. the preparation of the balance sheet ; 3. the approval of the budget ; 4. the changes in the rules. Certain kinds of business, such as the purchase and sale of real estate of a higher value than 1,000 marks, and reinsurance, must be settled by the management and the committee together.

As to the administration of the funds of the institute it is stipulated that a quarter at least of these funds must be invested in bonds of the Empire or of the confederated States. The remainder must be used for the purchase of bonds affording the guarantee of trustee investments or Communal bonds.

The request for a pension must not be addressed to the institute itself, as in the other branches of insurance, but to the insurance office of the district. By way of exception the supreme administrative authorities may also charge another Communal or State bureau with these functions. The following must be sent in together with the request: the receipts (stamps) of the weekly premiums, the medical certificate in the case of invalidity and the birth certificate in the case of old age. The expenses connected with the medical certificate must be paid by the applicant, but when the office has accepted his request as justified, this sum will be reimbursed to him.

The office makes an inquiry into the case, with the assistance of the representatives of the employers and the insured.

When the question is one of old age pensions, orphans' pensions, compensation to widows or orphans or round sums in compensation, there is no need for verbal discussion.

If the request appears to be unjustified from the beginning, the office suggests to the applicant that he withdraw it. If the request is accepted, the decision is notified to the applicant in a document signed by the chairman of the office. Any appeal against this decision must be lodged before the superior office, and an appeal against the decision of the latter may in certain cases be made to the Office of the Empire.

The insurance institutes are under the *control* of the Empire Office, and of the State Office when the sphere of action of the institute does not go beyond the territory of a confederated State.

(d) SOURCES OF REVENUE.

The funds providing the money to pay the insurance for invalidity and old age consist on the one hand of a subsidy from the Empire granted for each pension and each compensation for widows and orphans, and on the other hand of the weekly premiums paid, half by the employers and half by the employees.

The amount of the weekly premiums has been fixed by the Federal Council, up to December 31st., 1920. The assessment is renewed every 10 years, and is based on the amount of the probable expenditure divided amongst all the persons insured.

The persons insured are divided into 5 (I-V) classes of persons earning wages of less than 350 marks, from 350 to 550, from 550 to 850, from 850 to 1,150 and more than 1,150 marks. Their weekly premiums will up to 1920 be 16, 24, 32, 40 and 48 pfennigs. The periods passed in military service and when incapacitated from work through illness count as weeks for which the 2nd. class premiums have been paid. Illnesses which have been contracted deliberately by the insured person or in consequence of a fight, or those which are protracted beyond the duration of one year, are excepted from this rule.

The premiums are paid on the stamp system, the stamp being affixed to the insurance paper of each wage-earner. The stamps of the different classes can be had from the Post Office. Each insurance paper bears the name of the person insured and of the insurance institute, and must be large enough to contain at least 52 stamps. As soon as the paper is filled, it must be renewed, and the new paper shows the duration of the preceding insurance, the sickness and the military service. The papers must be renewed every two years, whether the old ones are filled or not. If an insurance paper should be lost, another one will be delivered, but the premiums which have been paid in can be entered only if the insured person is in a position to prove that they have been paid. Employers or other persons have no right to keep insurance papers belonging to others.

The employer who has employed an insured worker during a week must pay the premium due from himself and the worker by sticking the necessary stamps on to the insurance paper, cancelling them by writing across them the date of the week for which the premium has been paid. If an insured person works for several employers in the course of one week, the first of the employers has to attach the stamp, but if neither this employer nor the insured person himself carry out this task, then it must be done by the next employer, who, however, is entitled to be reimbursed for the expenditure by the first employer. The stamps have to be paid for by the employer, but he is authorised to deduct a sum equivalent to

half the value from the man's wage. These deductions must be made at the proper period, and cannot be deducted at a later date if they have been forgotten.

If the insured person prefers, he may pay the whole of the premium himself, in which case the employer has to reimburse him for his half of the legal premium.

Persons who are voluntarily insured may choose the class of wage-earner that they wish to belong to. They may continue the insurance even when abroad, using the stamps of any insurance institution.

Premiums which are paid more than two years after the proper date, or which, in the case of the absence or an omission on the part of the person insured, are not sent in until four years after this date, are not valid. The period during which the payment of the premium remains valid in the case of optional insurance is one year.

Premiums which have been paid by mistake count as if they had been paid for voluntary insurance. The person insured may claim these premiums within a period of 10 years provided that he has not received a pension during that time and that he had no intention of committing a fraud.

The supreme administrative authorities have the right of deciding, in accord with the insurance institute, that the sickness insurance societies or the local offices may *receive the compulsory premiums*. The rules of the insurance institute or of the Commune may, with the consent of the administrative authorities, be drawn up to this effect. The institution must in this case grant compensation fixed by the administrative authorities to the offices which receive the premiums. These offices receive the premiums as a rule at the same time as the sickness insurance premiums, that is, on the day when they fall due.

Any questions that may arise in connection with the premiums are decided by the insurance office, and appeal may be made in the last resort to the superior office.

The insurance institutes must see that the contributions are paid regularly and that the amounts paid in are correct. The insurance offices may assist them in this task. In order to facilitate the control of the work, the employers may supply the insurance office and the management of the institute with information in regard to the number and the wages of the workers they employ.

(e) SUPPLEMENTARY INSURANCE.

Every person who is compelled or authorised to insure against invalidity may, at any time and to an unlimited extent, add stamps which are called supplementary stamps on to his insurance paper. Each

of these stamps is of the value of one mark, and they yield the insured person a supplementary pension in the case of invalidity. The amount of the supplementary pension is 2 pfennigs per stamp per year from the payment of the first premium. The calculations are made per civil year from the beginning of the insurance up to the time that the invalidity takes place. The stamps which cannot be counted for the pension will be reimbursed to the person insured or to his heirs. The supplementary pension is paid either with the invalidity pension or separately, and always a month in advance. If the supplementary pension should not exceed 60 marks a year, it may be substituted by a round sum, at the request of the claimant, and this round sum may in any case be paid straight away to the claimant if the latter gives up his residence in the Empire. The most interesting point about this supplementary pension is that the State has in this connection adopted the principle of private insurance in the place of the thrift principle of social insurance.

(f) PENAL PROVISIONS.

In order to guarantee the carrying out of the prescriptions of the invalidity insurance, the Code has generally established fines for the punishment of the infringement of a certain number of them. Thus it authorises : 1. the management of the institutions to inflict fines not exceeding 500 marks on those employers who do not deliver in time the registers and information concerning their employees exacted by the law or the insurance institutions, or on those who make alterations in these documents or omit items : 2. in case the employers do not in time attach the stamps for the wage-earners who are subject to compulsory insurance, or if they delay paying in the insurance premiums to the offices charged to receive them, the management of this institute may punish these persons with a fine not exceeding 300 marks and at the same time compel them to pay the amount or twice the amount of the insurance premiums which are in arrear, which sums will be collected in the same way as the Communal taxes ; 3. the insurance office may inflict a fine not exceeding 300 marks on the employers who, deliberately and in spite of the obligation resting upon them, do not give notice of the workers they have in their employ, and a fine not exceeding 100 marks on those who omit giving this information through negligence ; 4. fines not exceeding 300 marks or imprisonment may be inflicted. (a) on employers who deliberately impose greater deductions than those admitted by the law on their employees : (b) on the employers who deliberately make deductions for contributions that they have not yet sent to the insurance institute ; (c) on bankrupt employers who make deductions from the wages of the insured persons and do not immediately send these sums to the insurance institute : (d) on the employees

who make greater deductions than those admitted by the law ; (e) on those persons who unduly refuse to return the insurance papers to the insured persons ; 5. fines not exceeding 300 marks, or imprisonment : on those *insured persons* who deliberately get their employers to reimburse them for higher premiums than those admitted by the law, or who have the same sum reimbursed by several employers, or who get their employers to reimburse them for premiums which they have not sent into the insurance institute.

The following offences are punished as misdemeanours ; 1. On the employers who embezzle the sums kept back from their employees for insurance or sent by the insured person with that intention, in addition to imprisonment, a fine not exceeding 3,000 marks may be inflicted and the ir civil rights taken away, but when there are extenuating circumstances the fine only may be inflicted. The person (employee) representing the employer in his business is liable equally with the employer himself. A secondary responsibility is incurred by the employer : a) if he was aware of an illicit act ; b) if he does not take the necessary care in choosing his representative.

Punishment is also inflicted on the employer who makes marks or indications not admitted by the regulations, who falsifies the stamps, buys them for his own account or uses stamps which have been cancelled.

The superior offices recognise in the last resort appeals against the penal previsions passed by the managements of the institutes and the insurance offices.

§ 16. — *Conclusion.*

Before concluding, we wish to call attention to two questions : (a) *the way in which the different insurance institutes should collaborate in order to avoid conflict ; and (b) the pecuniary burden which will be laid upon German agriculture henceforth in consequence of the extension of social insurance.*

(a) The first question is easier to deal with than the second. During the long period that social insurance has been in existence in Germany, experience has been gained and utilised in the drawing up of the fifth book of the Code, which regulates this question. It is obvious that triple relations may exist between these three branches of insurance :

As far as regards (a) *relations between sickness insurance and accident insurance*, it must first be pointed out that the obligation of the sickness insurance societies to make the payments still remains in force, although the insured person has a right to compensation for injury against a co-operative accident insurance society ; but after the payments prescribed by the law or the rules have been made to an insured person who had

a right during the same period to a payment for an accident, the sickness insurance society may ask that its expenditure be reimbursed to it in the proportion of the rights of the insured person.

The society cannot reimburse itself for this expenditure out of the compensation in the case of death or out of the pension for an accident, except in the cases provided for by the law. If the society pays compensation in the case of death, it can be reimbursed from the compensation paid from the accident insurance. As to the medical attendance granted to sick persons either at home or in a hospital, the society may demand the $\frac{3}{8}$ of the wage which serves as a basis. For maintenance at a hospital it may claim $\frac{4}{9}$ of this wage, but only in the case that the insured person is receiving a pension for an accident.

To reimburse itself for these payments the society cannot demand more than the half of the pension paid to the insured person by the accident insurance institution for the same period during which the payments of the society were made. There is an exception to this rule if the sick person is in an asylum, when the demand for reimbursement may comprise the whole of the pension. All right to reimbursement ceases, however, if the demand has not been made within a period of three months from the time the payments of the society were made. When, on the other hand, a co-operative accident insurance society has granted the legal payments to an insured person during a period when he had the same right to payment from a sickness insurance society, the society must reimburse the co-operative society completely for the expenses connected with the illness and the half of the wages serving as a basis.

The sickness insurance societies are obliged to give notice to the co-operative societies within a period of three days in the case of sick persons who have been injured in an accident which will in all probability entitle the insured person after 13 weeks illness to the payments due in cases of accident.

In the case of an illness caused by an accident, the co-operative society may, as we have seen, take over the treatment of the sick person at once. During the first 13 weeks, the payments must be equal to those which would have been paid to the insured person by the insurance societies in accordance with the law or with the rules, but the societies must reimburse the co-operative society for the amount of the payments made during this period, in the same way as we have already observed for the opposite case. If the co-operative society entrusts the care of the sick person, on the other hand, to the sickness insurance society for a longer period than the 13 weeks allowed for the illness, the expenses incurred have then to be reimbursed by the co-operative society.

Any litigation between the funds and the co-operative societies are settled in the first and only resort by the insurance office.

(β) The *relations between the sickness insurance and the invalidity insurance institutes* follow rules which are analogous to those above-mentioned. The institute may thus concern itself with the care of the sick person during the first 13 weeks or may leave the person to the care of the society beyond this period. If, in consequence of these measures, the institute makes charges on the societies which are not provided for by the law or by the rules, it must reimburse them for the surplus charges.

(γ) The *relations between the co-operative accident insurance societies and the invalidity insurance institutes* arise mainly from the obligation on the part of the institutes to pay the invalidity or heirs' pensions to an insured invalided person or to the heirs of an insured person who has died from an accident up to the time when the accident pension is paid. In this case, the expenditure in excess of the legal payments of the institute must be reimbursed by the co-operative society. If the invalidity and the heirs' pensions are paid during a period when the insured person had a right to an accident pension, this pension may be demanded directly by the institute as indemnification. When the institute has granted medical attendance to an insured person injured in an accident, the co-operative society is obliged to reimburse the institute in the proportion to which it has been relieved by the payments of the institute.

(b) A much more delicate question than that of the relations of the insurance institutes is that of the *expenditure resulting from the social insurance for agriculture*. In fact, it has been calculated that the innovations of the new Code will increase the charges of the whole of the social insurance in Germany, for the employers by 100 million marks, and for the insured persons by 4 million marks. This general increase is due mainly ; 1. to the extension of sickness insurance to agricultural labourers, domestic servants, home workers, etc., and 2. to the introduction of insurance in favour of heirs.

As to the extension of sickness insurance, it will mean a supplementary charge of 30 million marks to the employers and 30 millions to the insured persons, while the introduction of insurance in favour of heirs will add 20 more millions to the charge of the workers. This new charge of 50 millions which the workers would have to bear, however, is lessened by the new distribution of the premiums for sickness insurance, half of which will henceforth be borne by the employers, instead of only a third, lightening the burden on the workers by 46 millions.

As regards the additional burden that agriculture will have to bear henceforth, we have no exact data. Taking account of the fact that a certain number of districts in Prussia and 14 confederated States already have *compulsory sickness insurance for agricultural labourers*, we get an additional figure of only 3 millions of persons subject to this branch of insurance. The expenditure simply for the sick pensions which these 2,986,000 per-

sons will receive annually is estimated, according to the data of the Code, at 12,148,533 marks, or 7.07 marks per individual, to which must be added the expenditure and pensions for confinement and compensation for deaths, so that the total expenditure for this branch of insurance would be from 11.60 to 12 marks per insured person (without including the administration expenses).

An interesting study of the burden per hectare on agricultural land from social insurance was made by M. de Batocki-Bledau in a lecture given at the Prussian Landesökonomie-Kollegium. Although this study dealt with East Prussia only, that is to say, with a province devoted to large crops, where paid labour plays an important role, and although also it was based on a limited number of undertakings only, it is of very great importance to agriculture, because up to the present moment it is, unhappily, the only study of the kind in existence. From the data which have been worked out by M. de Batocki-Bledau it appears that the burden per hectare varies considerably, according as the question is one :

- (1) of small rural lands (from 10 to 50 hectares) ;
- (2) of large rural lands (from 50 to 100 hectares) ;
- (3) of small feudal lands (from 100 to 250 h.)
- (4) of large proprieties (above 250 hectares).

For lands of the first category the legal payments for social insurance have up to the present been 1.2 marks per hectare and the actual payments 1.6 marks ; the legal payments will probably be 2.4 and the actual ones 3.5 marks. For the second category, the payments are 1.4 and 2.3, and will be 2.6 and 3.8 marks ; for the third category, they are at present 1.3 and 2.2 they will be, 2.4 and 3.4 ; for the fourth category, they are at present 1.4 and 2.2, and they will be 2.7 and 3.7.

The actual burden, in relation to the wages paid in the course of the year, are for

| | | | |
|-------------------|-------|-------------|-------|
| 1st class | 3.0 % | and will be | 6.7 % |
| 2nd » | 4.1 % | » » » | 6.8 % |
| 3rd » | 3.9 % | » » » | 6.1 % |
| 4th » | 3.8 % | » » » | 6.4 % |

and, in relation to the estimated value for the land tax

| | | | |
|-------------------|--------|-------------|--------|
| 1st class | 14.5 % | and will be | 32.3 % |
| 2nd » | 19.1 % | » » » | 32.1 % |
| 3rd » | 20.8 % | » » » | 31.9 % |
| 4th » | 18.1 % | » » » | 30.5 % |

The future legal payments will be higher than the present legal payments in the first class, by 110 ; in the second, by 90 ; in the third, by

91 ; and in the fourth by 89 %. The actual payments will be higher : in the first by 123 ; the second by 68 ; the third by 53 ; and the 4th, by 68 %, while the difference between the percentage of the income as now estimated for the land tax, and the percentage as it will be after the new social reforms, is, for the first class 100 : 219 ; for the second, 100 : 170 ; for the third 100 : 153 ; for the fourth 100 : 169 ; and the difference between the present social insurance charge on wages in the course of the year and the percentage as it will be, is for the first class 100 : 223 ; for the second 100 : 166 ; in the third 100 : 156 ; and for the fourth 100 : 168.

It will be seen that the burden laid and to be laid on the German farmer by social insurance is very heavy. It is true that it will be a little lower for other provinces and States of the Empire, because among the provinces of Prussia the agriculture of East Prussia has up to the present had to bear the heaviest burdens. But it is certain that the great social reform will require considerable sacrifices on the part of German agricultural employers, who, however, will perhaps be compensated to some extent afterwards by a decrease in the emigration of the rural population to the towns.

INSURANCE

FRANCE.

I. — CURRENT QUESTIONS.

The Application of the Law of April 5th., 1910 on Workmen's and Peasants' Pensions.

We have already published in this Bulletin (1), the Note of the Minister of Labour interpreting Art. 23 of the Law of April 5th., 1910, as an obligation for employers or masters to keep back the amounts from the wages or salaries of their employees, even when the latter have not presented the paper required by the law for the purpose of attaching the stamps thereon, and we have also mentioned that the employees had entered a protest against these sums being kept back.

The Court of Cassation gave sentence against the appellant in the following case:

A master named Bellamy imposed a stoppage of 12 centimes out of four days' wages earned by one of his workmen, Carel, who refused to submit to the deduction, and appealed to the Council of arbiters of the Seine for the chemical products industry. The Council gave sentence against the master for deducting the 12 centimes, and condemned him to pay the worker his full wages and to pay him in addition 1 franc damages for the delay. The master appealed to the Court of Cassation against this decision.

By judgment delivered on December 11th., 1911, the Court of Cassation rejected the appeal, approving the sentence passed by the council of arbiters and the position taken up by the workman on the following grounds:

(1) See *Bulletin of Social and Economic Intelligence*, IInd Year, No. 11, and 12, Dec. 1911, p. 175.

" Seeing that by the terms of Art. 2 of the law of April 5th., 1910, the old age pension which is assured in the first article to wage-earners of both sexes is constituted by their payments, both compulsory and optional, by the contributions of the employers and the annual allowances from the State ; and whereas the compulsory payments of the wage-earners who do not belong to any mutual aid society, nor to a society authorised by the State, are, according to Art. 3, deducted by the employer out of the wages at the time when the latter are paid, such deduction being attested by the affixing of a composite stamp, representing in equal proportion the deduction and the contribution of the employer, to the paper delivered to the insured persons by the administration ;

" Seeing that the prescriptions of Art. 3 must be observed each time the employee presents his paper for the application of the stamp at the time he is paid, or in the case that the paper has not yet been delivered to him, if he agrees, the deduction of the payment due from him shall be made against the eventual affixing of the stamp, which alone constitutes the carrying out of the law; that the case will be otherwise if the employee, whether he has received the paper or not, refuse either to present it at the time he is paid or to authorise the employer to make the deduction fixed by the law ; that, in fact, no provision of this law authorises the employer to act as judge of the legitimacy of the employee's resistance or gives him the right to compel the employee to submit to a diminution of this wage ;

" That if the legislature had any idea of attributing such a power to the employer and obliging him to make use of it, the idea was dismissed ;

" That Art. 23 leaves no doubt in regard to this point, that its provisions are irreconcilable with the right which the employer would have had of keeping back a sum out of the wage of the employee who did not present his paper ; that in a first paragraph, this article provides for the case where the stamp has not been applied through the fault of the employer or that of the employee ; that this fault is punished with a fine, without prejudice to the condemnation to payment of the sum representing the payments of the party in fault; that this condemnation, when it is the employee who is in fault, can only be explained by the fact that the neglect to present the paper has prevented the employer from deducting the said payments ;

" That in a second paragraph, the same article deals with the employer who has been unable to fix the prescribed stamp, but who, nevertheless, is still bound to pay in his own contribution ; that it declares that this employer must make the payment due from him by paying the sum directly or through the post, at the end of each month, to the registrar of the justice of the peace or to the body recognised by the law ; that the words " due from him " cannot have any different signification in the second paragraph

than in the first ; that the employer's contribution is the only sum which is due from the employer, just as the deductions are due from the employee ; that if the employer has the right of liberating himself by the payment of his contribution alone, it is because the impossibility of affixing the prescribed stamp has freed him from the obligation of deducting the payments due from the employée out of the latter's wage ;

" That it follows from this that Bellamy had no right to impose a deduction of 0.12 Fr. on Carel, his employee, who had refused, from the wages that he owed him for four days work, since Carel did not present the paper on which the stamp prescribed by the law could be affixed :

" . . . For these reasons, the appeal is dismissed "

In consequence of this decision, the Minister of Labour made known his intention, at the Chamber of Deputies on December 15th., of laying before Parliament a text amending art. 23 of the law on Workmen's and Peasants' Pensions. In the meanwhile, we give the text of the project laid before Parliament on November 7th., which we have only referred to before :

" Article 1. Every compulsorily insured person, combining the conditions contemplated in Art. 4 of the law of April 5th. 1910, may, from the age of sixty years, obtain the payment of his pension, without any reduction of the annual allowance made by the State. This is due from the first day of the month following the demand for the liquidation.

" The benefit of the transitory regime, as set forth in Art. 4, § 5, of the law of April 5th., 1910, is extended, under the conditions provided for in that article, to insured persons aged from 30 to 35 years at the time the said law comes into force.

" Art. 2. The rate of the annual allowance of the State, provided for in Art. 4 of the law of April 5th., 1910, is declared at 100 francs.

" If the payments to the persons compulsorily insured have been made for less than 30 years and more than 15, the allowance is calculated according to the number of years the payments have been made, and this number is multiplied by 2.50 francs.

" Art. 3. The amount of the public assistance, allowances provided for by Art. 7 of the law of April 5th., 1910, is fixed at 100 francs.

" Art. 4. The annual allowances of the State are post-paid, out of the credits on the Budget of the Ministry of Labour.

" Art. 5. Each insured person combining the conditions contemplated in Art. 36 of the law of April 5th., 1910, may obtain payment of his pension from the age of sixty years.

" The maximum of the pension produced by the extra allowances acquired by the persons optionally insured, contemplated in Art. 36, § 4, is fixed at 100 francs.

" If an insured person has successively for more than fifteen years come within the terms of the first chapter and Art. 36 of the law of April 5th., 1910, without, however, having made the payments due for persons insured under the first chapter, for thirty years, he will have a right to an allowance fixed at 2.50 francs for each year of his payments in the character of a compulsorily insured person. This allowance will be added to the pension due from the extra allowances corresponding to his years of optional insurance, but the total must not in any case exceed 100 francs.

" Art. 6. The provisions of the present law will enter into force on May 1st.; 1912.

" All provisions contrary to the law of April 5th., 1910, are abrogated ".

The Budget Commission afterwards concerned itself with proposed amendments to the law of April 5th., 1910. It considered three hypotheses: the first, the case in which the system of the security or the capitalisation⁽¹⁾ for the purpose of making an allowance of 100 francs to insured persons of from sixty to sixty-five years of age, who do not at present benefit by it, should be maintained; the total supplementary expenditure of the the first year would be 500 $\frac{1}{2}$ million francs, and for the following years, the annual expenditure would vary from 95 to 100 millions. These sums would be added to the figures previously provided which vary between about 125 and 100 million francs yearly, according to the period.

The Budget Commission, alarmed by the amount of this figure, rejected the security or capitalisation system, and it rejected also a mixed system and decided to have the distribution system, pure and simple, that is to say, it decided for the entry of the annual charges on the Budget. Under this system the State pays annually to each beneficiary, that is, to each insured person more than sixty years of age, an annual allowance of 100 francs.

The expenditure of the State for this purpose, according to the calculations which have been made by the writer of the Report, M. Morel, would be 47,400,000 francs the first year, 54,400,000 francs the second year, 61 millions the third year, and would thus increase until they would reach 100 millions in the tenth year and 146 $\frac{1}{2}$ millions the forty-fifth year, when the amount would become fixed.

These are not the only charges that would burden the State, however; the allowances for the persons optionally insured must be added to them and these would reach a sum of 37 millions the first year, 64 millions the eighteenth year, and afterwards drop to 14 millions by the forty-fifth

(1) This system involves payment, at the time when the pension becomes due, of the capital constituting the instalments to be paid, to the National Pension Fund.

year. The management expenses of the Fund must also be considered, and the writer of the Report has estimated these at 22,700,000 francs ; and in addition to these there are numerous irregular allowances.

After adding together the amounts for the various branches of expenditure, the Budget Commission found that the total charge on the State would be 128 $\frac{1}{2}$ millions the first year, 150 $\frac{1}{2}$ millions the fifth year, 188 millions the tenth year, 228 $\frac{1}{2}$ millions the twentieth year, 232,900,000 francs the thirtieth year (maximum), 226,700,000 francs the fortieth year, and 223 $\frac{1}{2}$ millions the forty-fifth year, when the permanent amount would be reached.

After considering this Report, the Chamber of Deputies, at its sittings of December 15th, 16th, 19th, 20th, and 21st, 1911, voted the incorporation in the Finance Act of amendments on the following points :

As far as compulsorily insured persons are concerned, the pension may be paid at sixty years of age and at any intermediate age between sixty and sixty-five, at the request of the insured person. The annual allowance of the State is fixed at 100 francs to start at 60 years' and will be increased by an allowance of a tenth more for each insured person of either sex who has brought up at least three children to the age of 16 years. When the insured person does not ask for the payment of his pension until after 60 years of age, the State allowance will be paid each year up to the time the pension is paid, and will be capitalised as an open account with the insurance society chosen by the person insured.

In addition, it is admitted that the two years' military service will be taken into account in fixing the amount of the annual allowance. For women, each confinement, proved by declaration made to the officer of the Civil State, will count as one year in the calculation of the annual allowance.

Lastly, in order to repair an injustice in the law of 1910, which had allowed a pension of 100 francs to workmen of less than 65 years at the time the law entered into force, and had not considered the workers of more than 65 years, who have no right to aid by the law of 1905 until they have reached 70 years, an annual sum of 100 francs has been arranged for the latter at the charge of the State.

Another of the amendments is of interest to persons optionally insured, lowering the age for the receipt of the pension to 60 years in their case also. An additional allowance is made each year out of the State Funds to the capital transferred to the account of the person interested : this allowance will be equal to half the payments made, and will cease when the annual allowance due at 60 years of age from the additional amounts previously paid reaches a figure of 100 francs. There is an increase allowed for the benefit of those insured persons who have brought up at least three children to the age of 16 years.

The final series of provisions systematises the position of the insured person who has successively been insured compulsorily and optionally, and provides for the possibility of loans, which may be reimbursed to the insurance funds, to cover the expenses connected with his first establishment.

These several amendments will enter into force on May 1st., 1912. There is not doubt that they will be sincerely welcomed by the persons interested. It also appears that, from henceforth, the law on workmen's and peasants' pensions will be adopted by the country. On January 12th., the Ministry of Labour communicated the following Note to the papers, giving a summary of the results of the last quarter :

"The total number of insured persons, which was 5,876,695 on July 1st., 1911, and 6,477,820 on October 1st., was 7,072,898 on January 1st., 1912.

"The number of insured persons who had signed their paper, was 1,767,282 on July 1st., 1911, and 2,136,140 on October 1st., while they had risen to 2,562,714 on January 1st., 1912.

"The number of persons optionally insured, which was 243,065 on July 1st., 1911, and 288,879 on October 1st., was 359,372 on January 1st., 1912.

"To sum up, the total increase up to January 1st., 1912, compared with the published results of 595,079 on October 1st., was as follows ;

"Increase of insured person who had signed

their papers 426,574

"Increase of those officially registered . . . 98,011

"Increase of persons optionally insured . . . 70,493."

The National Office for Workmen's and Peasants' Pensions, on its side, has concerned itself with the classification of the requests for pensions for the first six months of the application of the law. These requests are as follows : 10,352 insured persons, who have been paid ; 3,665 requests divided which will be continually transmitted to the management of the societies ; 2,614 requests which have been returned to the Prefecture to be put in order ; and 5,829 requests at present being dealt with. Altogether 22,450 pensions have been paid or are on the point of being so.

Amongst the 10,350 persons insured, there are 7,380 compulsorily insured who have received an allowance of 60 francs and an extra allowance of 40 francs ; 81 compulsorily insured who have not furnished the certificate of three years' payments and do not benefit by the advantages of the transitory regime ; 2,612 persons optionally insured under the transitory regime (farmers, artisans, small masters), who have received an allowance of 50.40 francs ; 161 persons optionally insured who have no right

to benefit by the transitory regime; 118 persons optionally insured (metayers and farmers paying less than 600 francs for farm rent), who have received an allowance of 60 francs and an extra allowance of 40 francs.

The Budget provisions for the annual allowances and for the extra allowances was 19,300,000 francs; that for the additions and extra allowances for the persons optionally insured was 1,200,000 francs, or for the first six months' application altogether, 20,500,000 francs.

The 7,380 persons compulsorily insured have cost 738,000 francs; the 2,612 optionally insured, 131,644.80 francs, and the 118 metayers or farmers 11,800 francs, or a total of 811,444.80 francs.

Comparing this sum of 20,500,000 arranged for with the net amount of the State contribution, we find that there is a surplus of 19,618,556 francs, which could not be used on account of the small number of requests made for payment.

These numerical data will be continually increasing in the future, because the application of the law will be facilitated more and more every day when the bodies charged to insure this service are in full working order. This, at any rate, is the conclusion arrived at by M. Roger Picard (1), after an inquiry which he has been making, the results of which we summarise as follows :

The mutual aid societies, in mass, asked, for authorisation to collect and receive the contributions of their members ; they found this not merely an excellent means of propaganda but a material advantage also, since the Government allows them a commission of 5 per cent on the sums received by them ; thus, at the end of last November, there were no less than 2,764 societies that had asked for this authorisation, and they have received it in hundreds by Ministerial Decree since May 30th., 1911. It would be interesting to know what relation this number of societies bears to the whole of the mutual institutions, and whether it is the small societies, or, on the contrary, the organisations which are already powerful, which have joined the movement.

A certain number of mutual aid societies have been authorised to ensure fully the pension and allowance service. We have counted nine of these so far ; *The Regional Mutualist Federation of the South-West*, the *District Union of Mutual Aid Societies of the Loire* the.... *Union of the Indre-et-Loire*, the.... *Union of the Loiret*, the....*Union of the Lower Loire*, the*Union of the Ardennes*, the...*Union of the Gard*, the *Federal Bank of Nice* (2) and the *Regional Federation of Mutualist Unions of the East*. These

(1) Roger Picard : *How is the Law on Workmens' Pensions Working?* in the *Revue Socialiste* for Dec. 15th., 1911.

(2) By a happy innovation this Bank has founded, among other things, an insurance service for the contributions of the Law of April 5th., 1910, the object of which is

are very powerful societies, and they are the only kind that could undertake such a task, because the law requires a minimum of 2,000 members in the societies which ask for authorisation, and indeed, practically, ten times this amount is necessary in order to insure success.

The employers' and syndicates' societies hastened to benefit by the law. The employers' establishments for workmen's pensions, constituted before the law of April 5th., 1910, had to modify their rules and bookkeeping in order to conform to the law; 43 of these institutions have up to the present made this transformation, and we may mention, among them: the Gas Societies' Banks of Paris, Lyons, and Marseilles, The General Water Company of Paris, the Magazines of the Louvre, the Pasteur Institute, the Crédit Lyonnais, the Solvay Establishments, etc. By syndicates, societies we understand those societies which group together different employers of one and the same industry; the initial capital necessary to their constitution is as a rule subscribed by the employers, and the society is administered by their delegates together with an equal number of workmen who are appointed by the meeting of the shareholders.

There have been two societies of this description constituted: that of the *Blacksmiths' Committee* and that of the *Textile Commerce and Industry of Tourcoing*. In addition, a syndicate building society has been constituted in the form of a guarantee syndicate, which joins all the employers jointly and severally together for the carrying out of the obligations contracted by the society. Other societies are being constituted in the chemical industries and the food trade.

District and regional societies, the chief distinctive characteristic of which is that of being administered by functionaries and delegates *elected* by employers and workmen, are also beginning to appear. The first to be constituted was a regional bank, comprising Ille-et-Vilaine, Côtes-du-Nord, Morbihan, Mayenne and Sarthe (Decree of August 8th., 1911). After this came the district societies of Côte-d'Or, Nord, Meurthe-et-Moselle and Meuse.

All these form a considerable number of bodies, and have altogether 7 million insured persons entered on their books. To what extent they operate, what population of insured persons they serve, and what reception they have had, it would be difficult to say at the present moment. An inquiry conducted into each of these bodies would be the only way of discovering the answer to these questions, and this task will be undertaken by the Direction of the Pensions one of these days.

to guarantee, by means of a minimum contribution of 30c. a year, those benefiting by the Workmen's and Peasants' Pension Law against the diminution of their legal pension in consequence of the nonpayment of their contributions through illness or involuntary unemployment.

What is very certain, at the present time, is that they are of a nature to simplify the working of the law and to permit of a fruitful utilisation of the sums capitalised.

At the time when private initiative was utilising the law for the purpose of creating bodies to carry it out, the Government was publishing a series of decrees, resolutions, circulars and instructions for the purpose both of interpreting the law and regulating the practical details necessitated by its coming into operation. We will now make a rapid examination of this abundant production of official texts, taking account only of those published after the Regulation of the Public Administration of March 25th., 1911, which we dealt with in our number of July 31st., 1911 (1).

We have already mentioned the acts of authorisation or constitution of the different pension funds; the control and bookkeeping of these societies have also been the object of important regulations. The *resolution of April 25th., 1911*, defines the conditions imposed on the working of mutual aid societies as pension institutes; they must convert the payments received into stamps; they must prove that they have received these sums; and they receive only 5 per cent for the payments made by the workers.

The departmental societies (*Decree of August 24th., 1911, Decree of August 28th., 1911*) must submit their budget to the approval of the Minister of Labour. The operations of their administrative services, and the financial or technical insurance operations which they carry on are regulated in the most precise fashion.

All these societies that we have mentioned are subject to the financial control of the general Treasury paymasters and the receivers of the Finances, to whom the societies must deliver their books periodically and who have very extensive rights of examination (*Decree of August 11th., 1911*).

The Law of April 5th., 1910, provided for the participation of the Savings Banks in the working of the law. Several Ministerial acts (*Instructions of July 5th., 1911, Decree of September 18th., 1911. Instructions of October 2nd., 1911*) have defined the conditions under which these must work. The Savings Banks may collect the payments of their members, or may receive the amounts in advance and enter them on the paper with a special mention. The member of the savings bank may have the withdrawals made at periods which have expired or are to expire; in this case he presents his paper at the end of each period, and the withdrawals are entered on his savings book as a reimbursement. He may also ask for the withdrawal to be made in a round sum and in advance. The Bank has to have a special bookkeeping for these various operations, and, like

(1) Bulletin of the Bureau of Economic and Social Intelligence, 2nd Year, No. 7 31st July, 1911. p. 153. "Execution of the Law of April 5th 1910, on Workmen's and Peasants' Pensions".

the mutual societies, it receives a commission of 5 per cent. The advantages of granting this facility to the savings bank are obvious ; the insured person pays his contribution whilst at the same time receiving the whole of his wages, and the employer is free from the necessity of making deductions.

The labours of the Direction of Pensions have not been limited to regulating the operations of the pension bodies ; it has also had to organise administrative methods which must henceforth be adopted in the Town Halls and Prefectures in order to insure the daily carrying out of the law, to solve the practical problems which have arisen through the interpretation of the text ; in fact, to see to the complete regulation of the law.

The circulars of March 29th., and July 1st., 1911, defined and specified the obligations and labours incumbent on the mayors and prefects, in the first place for the constitution of the Communal Commissions charged to draw up the provisional lists on the basis of the last Census, and then for the purpose of sending the information papers, drawing up the insurance papers, drawing up the rules for cases of wage-earners who may be permitted to choose between the lists of compulsory and optional insurance. The making of the definite lists, the exchange of papers, the examination of the requests in liquidation, the admissibility of requests for allowances after death, have been the subject of extremely detailed formulae which are at the same time very ingenious and clear. The heavy labour imposed upon the Communes is repaid by special subsidies arranged for in the Financial Act of July 13th., 1911.

The task of the Communal and Prefectoral administration, thus is greatly facilitated. The insured public, actual or possible, is not so well informed, however ; and the circulars have had to contain the definitions of the rights and duties conferred by the law on certain workers. The circulars of June 27th., and August 9th., 1911, declared that the insurance was compulsory for the wage-earners of districts, communes and public establishments ; the Ministerial replies made to some questions put forward by deputies stated that the same rights pertained to the office collectors (June 9th., 1911) letter carriers (postmen) (Sept. 9th.), and old military pensioners who have become wage-earners (July 23rd., 1911). Jurisprudence entered into the question here, creating some confusion, it is true, in regard to the kind of accumulation of pensions. The tribunals, having to decide whether a functionary, on the civil or military pension list, and working at an accessory labour (teacher, or mayor's clerk, for instance), might ask for the benefit of the Law, replied now in the affirmative (Justice of the Peace of Orbec, July 20th., 1911), now in the negative (Civil Tribunal of Montdidier, July 8th., 1911 ; Civil Tribunal of Limoges, August 16th., 1911).

Other compulsorily insured persons in regard to whom some difficulties have arisen are the wards of Public Charity. For these, the circulars

of May 19th. and July 17th., 1911, declared that the employers with whom these persons are placed cannot escape the obligation of payment, even if this obligation be not entered on the contract which the employers have made with the Public Charity. As to the ward's payment, it is deducted once for the whole year from the part of his wage which is paid to his account, and not from his pocket money.

It has been necessary from the beginning to consider the question of organising the procedure in regard to requests for the payment of pensions. The *Decrees of March 22nd., March 30th., and April 3rd., 1911*, provided for this, enumerating the documents to be presented by the insured persons and prescribing the necessary measures for them to be easily delivered to them. A *circular of August 2nd.* set forth the conditions required in order that the allowance might be received in the case of the death of the insured person ; the deceased must have made three-fifths of his compulsory payments and have died before reaching the age for the payment of the pension. The widow has no right to this pension, but the children benefit by it whether the deceased was their mother or father.

We shall have traced the Ministerial work relative to the Pension Law almost in its entirety when we have mentioned the *Decrees of April 13th., and June 3rd., 1911*, establishing 37 types of pension stamps, workers employers- and mixed-, from 0.01 Fr. to 1.50 Fr., and regulating the sale of them ; the important *circulars of May 4th., June 17th., and August 16th. 1911*, on the composition of the law in the texts concerning assistance to aged persons ; and lastly, the *circular of August 28th., 1911*, ordering the application of the measures to be taken against parties in fault and more especially against workers who destroy their paper or against employers who prevent their workers from procuring the papers or presenting them.

III. — BIBLIOGRAPHY.

Publications of Recent Date relating to Agricultural Insurance.

- COURCELLE (LOUIS): Les retraites ouvrières et paysannes (*Workmen's and Peasants' Old Age Pensions*). 1 vol. 8vo. 592 pages. Paris. Dunod et Pinat, 1911.
- LUCAS (CLAUDE): La Mutualité et les retraites ouvrières et paysannes (*The Mutual System and Workmen's and Peasants' Old Age Pensions*). Study in Comparative Law: France, Germany, Belgium. Pamphlet in large 8vo. Paris. Larose and Tenin, 1911.
- BRUN (M.): L'assurance agricole contre l'incendie (*Agricultural Fire Insurance*). Thesis. 1 vol. 8vo. 479-XVII pp. Cahors and Alençon. A. Coueslout Press. 1911.
- MALNOURY (LOUIS): La mutualité agricole et l'assurance contre l'incendie (*Agricultural Mutual Societies and Fire Insurance*) 1 vol. 16mo. Paris, Marcel Rivière, 1912.
-

INSURANCE

GREAT BRITAIN AND IRELAND.

RECENT NEWS.

Old Age Pensions in 1910-1911. — The Second Report of the Commissioners of Customs and Excise gives some information in regard to the working of the Old Age Pensions Act, 1908, which enables us to publish some tables relating to the Old Age Pensions in 1909-10 thus completing those already published in the Bulletin (1).

It will be seen that the number of persons benefiting by the Act has considerably increased; from 699,352 on March 31st., 1910, it rose to 907,461 on March 31st., 1911, an increase, that is to say, of nearly 30 %. This increase is chiefly due to the removal of the disqualification as set forth in Section 3 sub-section (1) (a) of the Old Age Pensions Act, 1908, concerning those persons who have received poor relief at any time since January 1st., 1908, outside the various kinds of special relief excepted (mainly medical or surgical aid) (2).

On account of this amendment, the number of new pensions payable from January 6th., 1911, was :

| | Men | Women | Total |
|-----------------------|--------|---------|---------|
| England and Wales . . | 40,707 | 94,678 | 135,385 |
| Scotland | 2,341 | 8,133 | 10,474 |
| Ireland | 5,698 | 11,608 | 17,306 |
| | 48,746 | 114,419 | 163,165 |

(1) See the *Bulletin of Economic and Social Intelligence*, Oct. 31st., 1911. p. 135.

(2) At present, the law only prohibits the combination of old age pensions with poor relief other than that specially exempted by the Old Age Pensions Act, 1908.

From £2,070,000 in 1908-1909, the charge on the Budget for Old Age Pensions rose to £8,496,394 in 1909-1910, and £9,797,678 in 1910-1911, a figure which will be greatly exceeded in the present financial year, the outlay for which has been estimated at £12,415,000.

The three following tables, drawn up from the Report of the Commissioners of Customs and Excise give :

In the first, the number of pensions payable at the end of the financial years 1908-9, 1909-10 and 1910-11 ; in the second, the distribution per amount of the pensions payable in the above-mentioned periods ; in the third, the claims made in 1910-11 for pensions, the rejection of claims and the cancelling of pensions :

I. — *Number of pensions payable on the last Friday in March of each year since the passing of the Old Age Pensions Act.*

| | 1909 | 1910 | 1911 | | | |
|-----------------|----------------------------|----------------------------|----------------------|---------|---------|--|
| | Number of Pensioners | Number of Pensioners | Number of Pensioners | | | Number of Pensioners per 1,000 Inhabitants |
| | | | Men | Women | Total | |
| England . . . | 369,037 | 414,108 | 204,262 | 371,527 | 575,789 | 17.02 |
| Wales | 24,663 | 27,381 | 13,896 | 24,188 | 38,084 | |
| Scotland . . . | 70,294 | 76,889 | 30,440 | 61,365 | 91,805 | 19.29 |
| Ireland | 183,500 | 180,974 | 84,452 | 117,331 | 201,783 | 46.05 |
| United Kingdom | 647,494 | 699,352 | 333,050 | 574,411 | 907,461 | 20.07 |

II. — *Distribution per Amount of the Pensions Payable on the last Friday in March, 1911.*

| | Weekly Pensions | | | | | Total |
|-------------------|--------------------------|--------------------------|--------------------------|--------------------------|-------------------------|---------|
| | of 5 shillings (a) | of 4 shillings (b) | of 3 shillings (c) | of 2 shillings (d) | of 1 shilling (e) | |
| England | 533,507 | 16,033 | 15,165 | 7,193 | 3,891 | 575,789 |
| Wales | 35,623 | 936 | 864 | 418 | 243 | 38,084 |
| Scotland | 87,632 | 1,551 | 1,586 | 642 | 394 | 91,805 |
| Ireland | 190,852 | 3,768 | 4,381 | 1,992 | 790 | 201,783 |
| United Kingdom | 847,614 | 22,288 | 21,996 | 10,245 | 5,318 | 907,461 |

(a) Total resources not exceeding £ 21 a year.
 (b) do do £ 23.12s 6d a year.
 (c) do do £ 26.5s 0d a year.
 (d) do do £ 28.17s 6d a year.
 (e) do do £ 31.10s 0d a year.

III. — *Claims for Pensions in 1910-11, Rejection of Claims and Cancellation of Pensions.*

| | Claims Received during the year | Pensions Cancelled | Reasons for Rejection of Claims and of the Cancelling of Pensions | | | | Number of Pensioners of whose Death the Commissioners had received information from April 1st, 1910, to March 31st, 1911. |
|-------------------|---------------------------------|--------------------|---|-------------------|---------------------------------|-----------------|---|
| | | | Age | Receipt of Relief | Sufficient Means of Subsistence | Various Reasons | |
| England | 269,101 | 5,067 | 8,049 | 7,352 | 5,634 | 2,851 | 44,461 |
| Wales | 18,218 | 333 | 728 | 549 | 602 | 232 | 3,244 |
| Scotland | 31,597 | 686 | 2,694 | 926 | 721 | 459 | 8,722 |
| Ireland | 66,884 | 3,197 | 11,149 | 2,974 | 3,203 | 1,253 | 17,238 |
| United Kingdom | 385,800 | 9,283 | 22,620 | 11,801 | 10,160 | 4,795 | 73,665 |

PART III.

CREDIT.

CREDIT

FRANCE.

I. — CURRENT QUESTIONS.

The Bank of France and Agricultural Credit in the period 1900-1909.

Sources :

HENRY SAGNIER : Le Crédit agricole en France. Ses origines, son essor, son avenir (*Agricultural Credit in France; Its Beginnings, its Advance, its Future*). Paris, Librairie agricole de la maison rustique, 1911.

In an article in the last Bulletin (1) we dealt especially with agricultural credit business as transacted by co-operative institutions.

We shall here speak of non-co-operative agricultural credit transacted by the financial institutions in accordance with normal banking principles; and since the Bank of France especially transacts this form of credit business, we shall here briefly summarise the benefits that this great institution has already for several years been rendering to national agriculture, and for the purpose we shall avail ourselves of a recent study of M. Sagnier's and the results of an enquiry carried out by him at the Head office of the Bank of France.

This leading financial institution of France does double duty with regard to agricultural credit : first of all, it plays a passive part, as chief supplier of the State, to which it gives its own funds for the reinforcing of co-operative credit institutions ; its second rôle is, on the contrary, active, doing credit business directly with individual associations and farmers

(1) Bulletin, January, 1912, page 59.

§ 1. *The Indirect Action of the Bank of France
with regard to Agricultural Credit.*

The reader of the Bulletin knows (1) that the Bank of France, on the renewal of its privilege sanctioned by the law of 17th. November, 1897, placed 40 millions at the disposal of the State, as a loan without interest, repayable in 1920; in addition it undertook to pay a yearly contribution corresponding to the eighth of the rate of discount on its bills at interest, a contribution which must not be less than two million francs.

The State must make use of this fund in granting loans without interest to the regional co-operative agricultural credit banks for the various purposes of which we have spoken at length elsewhere (2).

From the statements presented at the Shareholders' Meeting it appears that the amount of the yearly contribution has always exceeded what was anticipated. The following are in fact the data for the period 1897-1910:

| | |
|-----------------|---------------|
| 1897 | 2,742,314.80 |
| 1898 | 3,242,899.26 |
| 1899 | 4,857,289.95 |
| 1900 | 5,655,333.72 |
| 1901 | 4,107,620.15 |
| 1902 | 3,777,141.87 |
| 1903 | 4,314,649.43 |
| 1904 | 4,521,589.76 |
| 1905 | 4,225,042.51 |
| 1906 | 5,332,528.05 |
| 1907 | 7,352,141.60 |
| 1908 | 5,533,501.80 |
| 1909 | 4,790,508.64 |
| 1910 | 5,733,368.28 |
| Total | 66,190,929.82 |

During these fourteen years then the Bank has paid about 66,200,000 frs. to the State for purposes of co-operative agricultural credit.

(1) See Bulletin April, 1911, p. 209.

(2) See Bulletin December, 1910, pages 219 & 274; Bulletin, April, 1911, p. 83. The law of 29th December, 1911 (*Journal officiel* of 30th December, 1911) in approving the agreements entered into between the Government and the Bank of France, approved the modifications introduced into the *régime* of the latter establishment as conditions for preserving its privilege as a bank of issue up to 31st December, 1920. Since the passing of the law the Bank has made the State a new advance of 25 millions to be kept in reserve until it has been established by legislative provision under what conditions this amount shall be applied to the credit institutions, either as new sub-

§ 2. *Agricultural Credit Business Transacted Directly by the Bank of France.*

In tracing elsewhere the historical development of French agricultural credit we noted (1) how the Bank of France contributed to the formation of the first local credit societies and how in certain regions of extensive live-stock improvement it strove to facilitate the cattle trade by opening *comptes d'embouche* (cattle accounts) for farmers. When the system of subventioned mutual agricultural credit in conformity with the law of 1899 was founded, the Bank of France did not for that cease to exercise its beneficent action, either in favour of the associations or of simple farmers.

a) *Operations of the Bank of France with the Regional Banks.*

From the enquiry carried out by M. Sagnier it appears that many of the regional banks — 87 out of 96 — are in relation with the Bank, both for discount operations and for loans.

Loans :

The total amount of loans on documental securities for the ten years' period 1900-1909 was estimated at 78,763,000 francs ; the total value of securities deposited was 14,194,000 frs. The amount lent is distributed among the banks in varying proportion. Of 86 banks in relation with the Bank of France, only 62 have had recourse to credit and in very different proportions : 9 of them received 70 millions, 54 millions of which were divided among 3 banks.

Discounts :

The discount business amounted to a total of 171 millions, distributed among 76 banks : 51 have discounted bills for less than a million and 13 for between one and five millions each. The total amount discounted by these 64 banks did not exceed 58 millions.

sidies out of which agricultural credit and maritime credit may be granted, or for the organisation of credit among the middle commercial and industrial classes. As to the sums paid in virtue of the law of 1897, namely the advance of 40 millions and the annual contribution, applied to agricultural credit, no change shall be made. The only change made with regard to the contributions has been in the amount : while up to the present it has been calculated only on the basis of an eighth of the rate of discount, multiplied by the amount of the bills, etc. issued at interest, it shall in future be calculated on the basis of the seventh when the rate exceeds $3\frac{1}{2}\%$ and a tenth when it exceeds 4% .

(2) Bulletin, January, 1912, p. 59.

On the other hand, 12 regional banks have been in much more active relation with the Bank of France : 7 have each discounted bills for from 7 to 10 millions and 5, bills for from 10 to 20 millions. Altogether these 12 banks have discounted bills for 113 millions, that is an amount equal to two thirds of the total bills discounted.

To sum up, the operations of the Bank with the regional banks during the period 1900-1909 appear as follows :

| | |
|--|------------------|
| Loans on security of documents | Frs. 171,000,000 |
| Discount | » 79,000,000 |
| | <hr/> |
| | Frs. 250,000,000 |

In this business the Bank has made a profit of 1,079,000 frs, that is 0.44 % of the total operations.

b) *Operations of the Bank of France with private farmers.*

These operations also consist in loans on securities and discounting.

Loans :

The loans on securities granted to farmers reached the total of 159 millions in the decade 1900-1909. They were granted for various objects, often for farm improvements.

Discounts :

The bank does two kinds of discounting for the farmers, *warrant-discounting* and *bill-discounting*.

(1) *Warrant-discounting.* — We know that the agricultural warrant, definitely regulated by the 1906 law has not yet taken its place among the usages of the French agricultural world. In fact the regional banks, only discounted warrants for 9 millions in 1908 and for 10 millions in 1910.

Yet the figures afforded in this connection by the Bank of France allow of our inferring that this efficacious means of credit is acquiring a certain importance. In fact the Bank has in the above decade discounted *warrants* for 73 millions.

It is well to note that the employment of warrants is localised in certain districts and only 25 branches have conducted such operations. They are most frequent in winemaking districts, as they are best adapted to this class of business. Seven branches of the Bank discounted *warrants* for 71 millions, which means almost the whole of the business. The almost exclusively winemaking department of the Gironde takes the first place

(1) See Bulletin, April, 1911, pag. 212.

with *warrants* for more than 63 millions; then come the departments of Puy de Dôme, with warrants for 3,180,000 frs., Charente Inférieure for 2,140,000 frs., Aude and Hérault for about 1,750,000 frs., and Lot for 851,000 frs. In the other departments the *warrant* discounting business did not exceed 500,000 frs.

(2) *Bill-Discounting*. Bill discounting is of much greater importance for the action of the Bank in behalf of the farmers is especially concentrated upon these operations.

The total amount of bills discounted by 61 branches in the above decade is estimated at 344 million francs. Here also we observe a great difference in the proportion of operations. Whilst 26 branches show an amount for discounting in each case of less than one million francs, and altogether 8 millions, 35 show much higher figures. In 24 branches the amount discounted varies between one and five millions in each case with a total of 50 millions; in 13 branches between 5 and 10 millions with a total of 18 millions. Finally, in 8 branches, more than 10 millions were discounted in each case with a total of 268 millions, which represents more than three fourths of the total amount discounted.

The following departments show the highest figures: Cher, 63 millions; Nièvre, 60; Allier, 60; Saône et Loire, 12½; Calvados, 47½; Orne, 12; Nord, 16½; Ardennes, 11. The region of the Centre has the first place; then follow Normandy, the North and the Ardennes.

It may therefore be deduced from these data that such a form of credit has been most widespread in the regions in which the cattle trade is specially developed. Without considering that the cattle industry requires the largest amount of capital, the phenomenon is explained by the action of the Bank which has for many years encouraged the purchase and fattening of cattle with special facilities for credit.

The regions in which the winemaking and stockbreeding industries flourish thus appear to resort most extensively to credit; we have besides had an opportunity of pointing this out in connection with co-operative credit itself (1).

To sum up, the operations of the Bank of France carried out directly with private farmers in the course of the decade 1900-1909, appear as follows:

| | |
|--|--------------|
| Loans on Documental Securities | 159 millions |
| Warrant Discounting | 73 „ |
| Bill Discounting | 344 „ |
| Total | 576 „ |

French agriculture has therefore profited by more than a half milliard of credit opened by the Bank of France. If we add to this amount the

(1) See Bulletin, January, 1912, pp. 66-67.

operations conducted by the latter with the regional banks, we obtain a total of 826 millions.

M. Sagnier ends his report by observing that the Bank of France has shown and shows in the conduct of agricultural credit business far more zeal than is generally believed. Having had occasion to observe in the course of its long experience that the agricultural custom is solid and secure, the Bank willingly opens credit even for small farming enterprise. The agricultural world is often ignorant of the mechanism of these operations and does not know how to profit sufficiently by them.

By its rules the Bank can only discount bills at three months and with three endorsements. The first condition has always been observed; as to the second, arrangements have been devised for facilitating the discounting of their bills for the customers of the Bank and thus reducing the cost of credit. The third signature may be replaced by a deposit of securities in one of the branches; and it is not necessary that these securities should represent a large sum; it is enough that they should be in proportion to the operations. The deposit represents a minimum limit of security; if the customer offers besides considerable guarantees of solvency and honesty, the Bank may raise the limit established. In a letter to the Minister of Finance at the date of the renewal of the Bank privilege (31st. October, 1896) the Governor bound himself as follows: "The Bank will increase, in a measure it shall determine, according to the solvency of the customers, the proportion of paper with two endorsements to be discounted in return for an amount of securities deposited in guarantee for discounting". This promise, adds the writer of the report, has been amply fulfilled.

The bills with two endorsements are discounted at the normal Bank rate, which is almost always 3 %.

M. Sagnier hopes the farmers may better appreciate the advantages of this form of cheap credit granted by the great financial institution, which, far from substituting itself for the small local co-operative institutions, which still remain the natural institutions of agricultural credit, may yet complete their action and contribute efficaciously to the progress of agriculture.

II. — RECENT NEWS.

I. — **Market Price of Unbuilt on Property in France.** — M. E. Michel, Chief Inspector of the Land Credit Institution, has just published an interesting pamphlet in which he attempts to determine the present market price of unbuilt on land in France.

According to his personal calculation, this value must to day be nearly 75 milliard francs, a figure very near to that at which M. Edmond Théry arrived, in his recent book on the *Public Wealth of France*, where he stated it at 75,500 millions of francs.

M. E. Michel calls attention in his pamphlet to a very detailed enquiry now being carried out by the Department of Finance, with a view to a new valuation of unbuilt on land.

It is already calculated that the figure arrived at will be approximately 73 milliards of francs.

If we remember that in 1877, the market price of unbuilt on land was calculated at 91,500 millions and that in 1901 it had fallen to 64 milliards, we may conclude, he adds, that the crisis which began in 1877 is now nearly over. According to him, we must seek for one of the causes of the improvement in the customs regime of 1892.

(E. MICHEL, *La valeur vénale de la propriété non bâtie en France*, Paris. (Market Price of unbuilt on Land in France) . Rousseau, 1911. *L'Economiste Européen*, Paris, 15th. December, 1911).

* * *

2. — **Fluctuation in Value of the Bonds of the Land Credit Institute.** — In the course of 1911 the land credit bonds experienced the same fluctuations in value, as nearly all important French personal securities. Internal political events, such as the disturbances in Champagne and the ministerial crises, as well as the vicissitudes of foreign policy contributed to this.

In the following table we reproduce from the *Economiste Européen* will be seen the fluctuations in the current value of the Land Credit

Bonds last year, compared with those undergone by other important French securities.

| Number of Securities | Title of Securities | Nominal Value of Securities Considered | Value on 31st Dec. 1910 | Value on 30th Dec. 1911 | Difference in Value on 30th Dec. 1911 and 31st Dec. 1910 |
|----------------------------|---|---|-------------------------------|-------------------------------|---|
| | | millions of frs. | millions of frs. | millions of frs. | millions of frs. |
| 13 | French Revenue | 26,224 | 25,500 | 24,731 | — 769 |
| 10 | Town of Paris Bonds . . . | 2,013 | 1,950 | 1,902 | — 48 |
| 12 | Land Credit (<i>Crédit Foncier</i>) Bonds | 4,831 | 4,646 | 4,565 | — 81 |
| 5 | Various Land Bonds . . . | 1,309 | 769 | 750 | — 19 |
| 13 | Credit Societies' Shares (<i>ac- tions</i>) | 1,437 | 3,427 | 3,458 | + 31 |
| 11 | French Railway Shares (<i>ac- tions</i>) | 1,392 | 3,321 | 3,329 | + 8 |
| 43 | French Railway Bonds . . | 18,984 | 16,332 | 15,831 | — 501 |
| 34 | Various Private Societies' Shares (<i>actions</i>) | 985 | 2,685 | 2,851 | + 166 |
| 22 | Various Private Societies' Bonds | 778 | 710 | 696 | — 14 |
| 163 | | 57,953 | 59,340 | 58,113 | — 1,227 |

Consequently, the exchange value of the Land Credit Bonds have decreased by 81 million francs, which is equivalent to 1.7 % of their value (4,646 millions) at the end of last year. However, this loss is less than that of the general average, which is about 2.1 % (1,227 millions in 59,340)

CREDIT

HUNGARY.

CURRENT QUESTIONS.

National Confederation of Land Credit Institutes in Hungary.

The law XXXI of 1868 repealed all the laws up to then in force against usury, at the same time annulling all actions for usury in course and forbidding the carrying out of sentences already passed.

Unfortunately, while proclaiming liberty of contract with regard to the rate of interest, this law has encouraged the usurious practices it was intended to combat, so that the land registers frequently show loans on mortgage then contracted at a rate exceeding 100 % and sometimes even higher.

Such cases rapidly multiplied so that the Government soon recognised the necessity of amending a law that was too liberal.

The first step taken in this direction was in the law VIII of 1877, limiting the rate of interest to 8 %, and then in the law XXV of 1883 which has remained up to date the fundamental law against usury.

In spite of indisputable results, these laws were shown to be insufficient, the rather as a new state of things was brought about by the law V of 1894, which inaugurated home settlements and above all the subdivision of land, in Hungary.

In consequence, in fact, of misunderstandings and a false interpretation of this law, the subdivision has in many instances become a matter of speculation and a matter of money making on the part of certain little scrupulous credit institutions.

Yet, thanks to the successive decrease in the rate of interest, caused by the competition of capitalists and the extraordinary progress of well managed credit institutes, we have seen the development and consolidation of personal and real credit on a new basis.

It is especially the "Magyar Földhitelintézet" and the "Kisbirtokosok Országos Földhitelintézete" — both organized on a co-operative and mutual basis — that have exercised a decisive and very favourable influence on the development of land credit and in a few decades have perfectly transformed it in Hungary.

Let us also mention the Central National Credit Association "Országos Központi Hitelszövetkezet" established with the very efficacious assistance of the State on the basis of Law XXIII of 1898, the special importance of which consists in allowing the small proprietors a share in the profits from credit organized by means of more than 2,000 rural associations scattered over the whole country, but directed by it.

In consequence of the improvement of the conditions of credit and through the change of the economic position of the humbler classes, a characteristic trait of the Hungarian people has begun to manifest itself with constantly increasing intensity: we mean the invincible desire of acquiring land.

The natural consequences of this tendency of the peasants has been to raise the price of land considerably; land, which even before was selling above its value has now reached such prices that the purchaser cannot hope to find in farming the land a sufficiently remunerative return for the capital invested. Many businesses have been formed with the object of buying land for reselling in lots. Other credit societies, already many years in existence, have extended their action to this class of operations.

Organized with the aim of making money, all these businesses are little concerned with the real interest of the peasant, and very often he, in contending with the difficulties of a bad season, ends by failing miserably.

Parliament was moved by this condition of things and has authorized Government to establish in union with three Credit Institutes: the "Magyar Földhitelintézet," the "Kisbirtokosok Országos Földhitelintézete" and the "Országos Központi Hitelszövetkezet," an Institute giving every guarantee — while safeguarding the legitimate interests of all parties — for the equitable satisfaction of the desire of the Hungarian people to acquire land and capable besides of providing for the social, economic and political duties which it must undertake for the part of the State.

This institute, which was founded a short time ago, on the basis of the law XV of 1911, is the National Confederation of the Land Credit Institutes of Hungary, the "Magyar Földhitelintézetek Országos Szövetsége", a powerful agrarian bank, instituted partly with funds supplied by the State and working under its permanent control.

The Institute will, by the law, have to occupy itself with the subdivision of land, home settlements and the carrying out of other economico-political provisions; building of agricultural labourers' houses, purchase of public pasture lands, acquisition of land by means of annual payments,

sale of land producing annual revenue, dismorgaging of land by means of life insurance, settlement of emigrants returning from America or elsewhere, and finally the foundation and extension of collective farming.

To ensure the regular administration of the Institute, its capital has been fixed at 15 million crowns of which 8 millions have been paid by the State.

In addition, the State has passed bonds to the Institute for an amount of 10 million crowns, on condition that these bonds be used for the formation of a guarantee fund for bonds to be issued eventually by the Institute or as a temporary supplement of the working capital of the Institute.

In addition to its immediate assistance in money the State has also attempted to contribute to the progress and rapid development of the Institute by exempting it from taxes and contributions and by other important facilities enumerated in the law.

On the other hand, the Government — establishing the provisions for its regulation and administration and constantly supervising its operations by means of employees of the Ministerial Departments of Finance and Agriculture appointed for the purpose by the competent Minister, — guards against the intrusion of speculation and takes care that private interests shall not unjustly preponderate in the management of the business of the Institute.

In connection with the measures for the organization of the new Institute and in consideration of the duties to be performed by it, the law has amended and extended respectively some of the provisions of law V of 1894.

The following is the text of the new law.

Law of 27th July, 1911, on the National Federation of Land Credit Institutes.

CHAPTER I.

Of the National Confederation of the Establishment of Hungarian Land Credit.

Article 1.

The Government is authorized to support, to the following degree, a National Confederation of Hungarian Land Credit Establishments, an institution which shall be formed with the help of the Hungarian Land Credit Institute, the Small Farmers' National Institute and the Credit Department of the "Central National Co-operative Society," and shall have as capital 15 million crowns, composed of foundation shares of equal amount. The Institute shall occupy itself in the first place with the execution and encouragement of plans for subdivision, settlements, and other arrangements of agricultural policy, approved by the Minister of Agriculture as well as the satisfaction, in the manner laid down by the Ministers of Finance and Agriculture, of the credit requirements, which present themselves in connection with the above operations and later on with the building of agricultural labourers' houses ;

1. The Treasury may not share in the foundation of the projected Institute to an extent of more than eight million crowns. The amount assigned for this end shall be entrusted to the Financial Department under the head of miscellaneous expenses.

2. Bonds that are Government personal estate can only be transferred to the Institute up to a nominal value of 10 million crowns, and on condition of their being used for the formation or increase of a special legal guarantee fund, for the bonds to be eventually issued by the Institute, or by pledging of bonds for the temporary completion of the working capital of the Institute. The bonds mentioned may in part be eventually ceded to the small Farmers' Land Credit Institute or the National Central Co-operative Society, to make up the prescribed funds for the special guarantee of the bonds and *lettres de gages* of the above Institutes.

The interest on the bonds must be paid each year into the Treasury, and the portion of the bonds remaining after the liquidation of the "National Confederation of Land Credit Establishments," or after the liquidation of the Institutes constituting it, and after the creditors have been satisfied, shall return to the State.

3. The working expenses of the Institute may be covered by the interest on the settlements fund (art. 11 of Law V of 1894) or the annual endowment from the fund and the technical work of subdivision and settlement may be effected gratuitously by the agents of the Agricultural Department.

4. The amounts paid directly under the head of taxes and stamp duties by the Institute in its action under this law, or paid to the account of parties and Institutes in commercial relations with it, may be refunded by means of the receipts from the colonisation fund established in the third paragraph. This refund may not be made in case of taxes on transfer of property.

Article 2.

The Institute to be formed in conformity with the conditions laid down in article 1 shall enjoy the following advantages :

1. It shall be exempted from the tax on undertakings and societies bound to publish their accounts.

2. It shall enjoy personal exemption from stamp dues and taxation; yet this exemption may not be extended to judicial procedure, to rediscounting of bills of exchange, to current accounts, bills of exchange, cheques and orders.

3. Transfer of property due to subdivision, settlement and sale of real estate for other purposes, carried out in accordance with plans approved by the Minister of Agriculture shall be exempted from the tax on transfer of mortgages, if the said transactions concern real estate belonging to the National Confederation of the Hungarian Land Credit Establishments ; but if the Institute is merely the intermediary in subdivision of and settlement upon the property of others, transfer of property consequent on such transactions shall only be exempted from half the legal tax.

4. In case the Institute — on the guarantee of claims existing made over to it by the co-operative societies of its own foundation — shall issue bonds for the carrying out of the agricultural operations enumerated in the introductory paragraph and in accordance with the conditions laid down in chapter IV of Law XXIII of 1898, the provisions of article 24 of Law XXXII of 1897 shall extend to such operations, the provisions of article 74 of Law XXIII of 1908 to the bonds, and the provisions of article 77 of Law XXIII of 1898 to the recovery of claims made over to it. In the case of bonds, the Ministerial Department of Finance shall provide as required for the exercise of the right of control, as provided in the article 75 of Law XXIII of 1858.

5. Ordinary letters (not registered), postcards and parcels of documents, addressed by the Institute, within its sphere of action, to the au-

thorities, offices, co-operative institutes and other co-operative societies, and collaborators in enjoyment of absolute right of franking for the post, shall be admitted to the privilege of free postage.

Article 3.

The provisions of the Commercial Code (XXXVII of 1875) shall apply to the National Confederation of Land Credit Institutes, with the following reservations :

1. The title " National Confederation of Land Credit Institutes " may only be used by the Institute to be founded in conformity with the present law.

The rules of the Institute and all amendments thereof shall be approved by the two Ministers of Agriculture and Finance.

2. Arts. 14 and 223 of the law XXXVII of 1875, the first paragraph of article 235, the second paragraph of article 237, the second and third paragraphs of art. 239 and articles 242 and 248 shall not be applicable to the Confederation.

The presence of the delegates of the Treasury and of the Institutes adhering to the foundation shall be required in order to form a quorum at the General Meeting (§1).

3. The members of the National Confederation shall be : The State, the Institutes contributing to the foundation (§1.) and those the signatures of which for foundation shares (*parts*) have been accepted in accordance with the rules.

The members of the Institute shall only be liable for its obligations to the amount of their foundation shares, besides, they shall only share in the property and revenue of the Institute in so far as they may exact repayment of their foundation shares according to the rules as well as the annual dividend established in the rules.

Members' rights shall be extinguished by the repayment of their foundation shares.

The foundation shares can only be transferred with the consent of the Minister of Finance.

The rules shall determine the right of vote conferred by the possession of shares, as well as the manner of exercising it.

4. The president of the board of management of the Institute, one of its members and a supplementary member shall be delegated by the Minister of Finance; the vice president, one member and one supplementary member by the Minister of Agriculture. They shall all be recruited from among the employees of these Minister's departments.

The employees thus delegated may not be deprived of their office by the General Meeting within the period for which they shall be delegated.

If the member of the board of management delegated by the Minister of Finance or by the Minister of Agriculture shall protest against a decision, his protest shall have suspensive effect and the matter must be submitted to the examination of the Minister of whom the protester is an employee. The decision shall only become final after the approval of the competent Minister. The approval shall be considered as given, if the Minister shall not advise the Institute to the contrary within a month from the appeal to his decision.

The other members of the board of management may be appointed by the founders during the first three years from the foundation of the Institute; after that period they shall be elected at the General Meeting in conformity with the founders' decision as included in the rules.

The members of the board of management and of the committee of supervision may be chosen from outside the Institute.

The members of the board of management delegated by the Minister of Finance and Agriculture may not receive presence counters nor other remuneration. The other members may only receive presence counters for amounts to be laid down in the rules.

The appointment of the business manager of the Institute shall only be definite after confirmation by the Minister of Finance.

5. The rules of the Institute may stipulate that losses from loans on mortgage, granted with the concurrence of the founding Institutes for above 50 % of the value of the real estate shall be recovered from the reserve fund of the Institute.

6. The special rights enjoyed by the Hungarian Land Credit Institute in accordance with articles 1, 2, 4 and 10 of the law XXXIV of 1871 and the special rights, included in articles 11 (a), (b), (c), (e), (f), (h) and 37, 49, 52, 54, 55 and 69 of the amended rules of the Austro Hungarian Bank in force, shall be extended to the National Confederation.

All law suits shall be within the competence of the Royal Court of Justice of Buda-Pesth, which shall, according to the circumstances, take all the necessary measures.

The value fixed by the National Confederation in conformity with its rules at date of concession of the mortgage loan shall be taken as the estimated and declared value (mentioned in article 47 of the above law).

7. A vote of the general meeting for the liquidation of the Institute can only be taken with previous consent of the Minister of Finance, except in the case provided for in paragraph 1. of article 187 of the law XXXVII of 1875.

8. The assets remaining after liquidation and payment of debts shall be used first for the reimbursement of the founding institutes for their foundation shares; in the second place for reimbursement of the State and other members for their foundation shares.

The surplus may only be assigned to works of public utility with objects similar to that of the Institute.

Article 4.

The rule laid down in paragraph 1 of point 9 of article 5 of the Law XXIV of 1901 shall not apply to the Confederation.

CHAPTER II.

Of the Amendment and Completion of Some Provisions of Law V of 1894.

Article 5.

In case of home settlements the provisions of art. 5 of the law of 1894 may be derogated from in the following points: 1st. even for a public object, land may only be granted to an extent in conformity with the requirements; 2nd. the settlements may consist of unbuilt on lands; 3rd. their area may be less than 10 and more than 80 cadastral arpents; but not, however, more than 500 cadastral arpents; 4th. and finally, the care of obtaining the loan eventually necessary for building shall be left to the settler.

Article 6.

After the coming into force of this law the State may buy up the holding granted, if the settler:

(1) is not a Hungarian subject, if he has failed, or if he has not satisfied the requirements laid down by the Minister of Agriculture among the conditions of settlement;

(2) if he does not inhabit or manage his holding, or if he cedes the farm in part or altogether to another, than his consort, or his legitimate descendants; finally, if he does not make his inventory, or neglects the farm to such a degree as to imperil its value.

(3) if he divides his holding without authorization from the Minister of Agriculture or cedes the right of dividing to another either entirely or partially.

(4) if he causes disturbance in the settlement, or impedes its progress;

(5) if in consequence of a crime or misdemeanour committed with the intention of gaining money he has incurred a penalty depriving him of liberty for more than a year;

(6) if he does not pay the purchase price of the holding, or interest, or the amount of two years' interest on the purchase price within the course of the first years ;

(7) if the sale by auction of his holding has been ordered and he has not means to appeal against the decision ;

(8) if he dies, without his heirs having concluded an arrangement with regard to the ownership of the holding.

The State may only exercise its right of repurchase within 90 days from date of its taking cognisance of the cause for repurchase.

The right of repurchase by the State shall expire if 50 years have run since the first establishment and if the purchase price of the holding, or the amount lent for the payment of the purchase price has been fully paid.

Article 7.

The price of repurchase must be fixed by the contract. Yet from the purchase price there must be deducted :

(1) the part not due and not paid ;

(2) the part due, but not paid ;

(3) the amount of the other debts burdening the property. If at the moment of repurchase there exist houses and buildings upon the land, the value of which was not included at date of determining the purchase price, the value of these buildings must be added to the purchase price at the date of repurchase.

Article 8.

If one of the cases enumerated in article 6 arise when the settler is not yet registered on the land registry books, as owner of the holding, the State may break the contract of settlement, on its own account, and deprive the settler.

The rule of art. 7 on the right of repurchase shall apply to the right of cancellation of contract provided in the present article.

The deprived settler may not bring any claim in excess of the purchase price fixed in the above paragraph, not even for compensation.

Article 9.

The Ministers of Finance and Agriculture shall be authorized to fix by common accord the rules to be followed, in connection with the right of the State to repurchase the holding or to deprive the settler.

Article 10.

On State settlements, the cession of the settlement may also be made by way of lease.

In cases in which the settlement is made on the basis of a lease, the respective positions of the State and of the settler shall be established for a fixed period of at least fifty years.

Death shall not void the contract, but the settler may denounce the contract with three years' notice and at the end of any agricultural year, without being bound to pay damages.

Purchase of the holding may not be refused to the settler who for fifteen years has fulfilled exactly the obligations imposed on him by his legal position as settler.

The purchase price must be fixed in the lease so that the State may run no risk and the existence of the settler may be in no way imperilled.

Article 11.

The Minister of Agriculture may authorize the owners of property, inalienable or indivisible, entirely or partially, to lease these properties as settlements, whether the said properties belong to urban or rural communes, to civil or religious foundations, or are held in trust or joint ownership.

To such leases the rules of article 10 shall apply with this difference, that the legal lease may be fixed for less than 50 years and that the right of purchase by the settler is only acquired after cessation of the inalienability or indivisibility of the estate.

If on the cessation of the inalienability or indivisibility the settler does not desire to purchase the holding, the contractor for the settlement may cancel the contract with a year's notice, at the end of any agricultural year, and without being bound to pay damages.

Article 12.

As far as is not otherwise provided in articles 10 and 11 the legal positions of the settler and contractor shall be fixed by the contract.

Article 13.

The Ministers of Justice, Finance and Agriculture shall be authorized to extend, entirely or partially, by decree to be issued by common consent,

the provisions of law V of 1894 and the present law on State settlements, to settlements and subdivisions of land effected by the Confederation.

Article 14.

The cadastral authorities must without delay send to the Minister of Agriculture notices ordering sale by auction of rural and forest lands.

Article 15.

The Minister of Agriculture and the Confederation may by means of special agents bid at judicial auctions for any real estate property without deposit of security. If an additional bid is necessary, the Minister and the Confederation shall not have to give security nor to pay the expenses of a new auction.

CHAPTER III.

Miscellaneous Provisions.

Article 16.

The subdivision of land carried out by the Confederation on the basis of the proposals approved by the Minister of Agriculture shall be considered as subdivisions under the law XXXII of 1897 without regard to the restrictions in article 6 of the law XXXII of 1897.

Article 17.

The Hungarian Land Credit Institute shall be exempted from the provisions of article 242 of the law XXXVII of 1875, which requires that the managers of co-operative societies shall deposit the list of names of their members with the Court.

Article 18.

The Central National Co-operative Society founded by law XXIII of 1898 can invest the accumulated interest on the bonds passed to it in virtue of paragraph 2 of article 78 of the above law as far as is compatible with the legal amount of the guarantee fund of the bonds, in or der to in

crease the constituent capital of the confederation. The interest on the bonds mentioned shall be afterwards added to the amount to be used in the first place for a special guarantee fund.

Article 19.

The modifications introduced into the law of 1894 by articles 5-15 of the present law shall not extend to Croatia and Slavonia and Articles 1-4 and 17 shall not be applicable in those countries.

The Ministers of Finance, Commerce, Agriculture and Justice shall be charged with the execution of the present law; as regards Croatia and Slavonia, the same charge shall be entrusted to the Ministers of Finance and Commerce, and the Bans of Croatia, Slavonia and Dalmatia.

PART IV.

MISCELLANEOUS.

(FACTS AND PROBLEMS OF GENERAL AGRICULTURAL ECONOMIC INTEREST)

MISCELLANEOUS

FRANCE.

CURRENT QUESTIONS.

Immigration and Employment of Polish Farm Labourers in France.

The Bulletin of the Labour Office, published by the Department of Labour and Social Thrift, has just published in its numbers for November and December, 1911 the following study which we merely reproduce. M. Numa Raftin, the officer entrusted with the editing of the report of the enquiry, has performed his task with the help, 1st of documents and information forwarded or communicated to the Department of Labour and Social Thrift by the French Embassy at Vienna and the French Consular Agency at Lemberg; the Departments of Foreign Affairs, of the Interior and of Agriculture; the Prefecture of Police; the prefectures of the departments affected by the immigration; and the Labour Inspection Service; 2nd, information and documents consulted directly at the offices of the National Agricultural Society of France, the French Farmers' Society, the Central Agricultural Society of Meurthe-et-Moselle, the Federation of the Agricultural Societies of the North East of France, the Central Syndicate of French Farmers, the French Sugar Manufacturers' Syndicate, the French Agricultural Labour Syndicate, the French Farmers' and Agricultural Industrials' Mutual Syndicate, the Society for the Protection of the Polish Labourer in France, the Polish Emigration Society, the Organisation Committee of the "Polonia" Society. In addition, persons, who, for various reasons, interest themselves in immigration have on request kindly supplied information.

§ 1. Historical.

To make up for the deficiency of labourers, the farmers of the North-East of France have for a long time had recourse to foreign and, more especially, Belgian labour. But the emigration from the country districts to the towns as well as the decrease of population, becoming more marked, these foreign elements have become insufficient to ensure the performance

of agricultural labour at certain seasons. The farmers have therefore been induced to recruit from far beyond the frontier to fill the void due to the continually increasing scarcity of labourers. Thus, in the course of the year 1907, M. Havette, of Harville (Meuse), being in relations with a Deputy of the Diet of Galicia (1), was led to think that, in view of the density of its population, Austrian Poland might perhaps supply French agriculture with abundant labour. Indeed, the Galician Poles and Ruthenians emigrate by hundreds of thousands to various parts of Europe, and above all to Germany, where they take engagements as farm labourers (2). It was then a matter of diverting a part of this emigration current in the direction of France. The attempt appeared easier of success as the dissensions between Germans and Poles in the Grand Duchy of Posen provided Galicia with a reason for seeking other openings for its labourers (3).

The *Central Agricultural Society of Meurthe-et-Moselle*, taking up the matter at the end of 1907, keenly interested itself in it. On the 2nd March, 1908, it organized a "regional meeting to study the question of importing Polish labour into France", at which M. Skolyszewski, deputy to the Galician Diet, furnished all the necessary explanations for the recruiting and immigration of these labourers. The conditions of hire were then discussed and settled, and it was decided that "the Society should unite all requests for labour made by the farmers and forward them together to the Galician Emigration Committee." (4).

The Central Society at once arranged with the *Verdun Agricultural Society*, for the despatch of labourers to the *Department of Meuse*; but requests for Polish labourers soon coming in from several departments of the North-East, the Central Society charged the *Federation of the Agricultural Societies of North East France* with the centralisation of these (5).

(1) M. Stapinski, head of the Polish Popular party, who, in 1907, in his paper *Przyjaciel Ludu* (the People's Friend) opened a campaign for the inducement of Polish farm labourers to go to France to work.

(2) See: *La Société polonaise d'émigration, ce qu'elle est et ce qu'elle veut en France* (The Polish Emigration Society, what it is, and what it wants in France); pamphlet, 18mo Cracow, 1909.

(3) Two farmers of Meurthe-et-Moselle have been for several years employing Polish labourers (See the "*Bon Cultivateur*," Bull. of the Cent. Soc. and of the Federation, 7th. March, 1908), a small number of labourers has also been noted in the departments of Marne and Haute-Marne, but these are isolated cases.

(4) See the "*Bon Cultivateur*" (*op. cit.*) 7th. March, 1908. "The Galician Emigration Committee" is the name of M. Skolyszewski's labour bureau. (See p. 172, note 2)

(5) Really, it has always been the Central Society, under a more general title, that has occupied itself with immigration, for its president, general secretary and treasurer by right of office sit on the board of the Federation. This explains why the name of one of these societies is often substituted for the other, in connection with Polish immigration.

For the facilitation of the distribution of these labourers it was decided to "group them by departments at Nancy and send them under the guidance of leaders of groups from there to the following centres of distribution where the parties concerned should receive them ; Nancy for Meurthe-et-Moselle ; Verdun for Meuse ; Epinal for Vosges ; Joinville for Haute-Marne ; Châlons-sur-Marne for Marne ; Troyes for Aube ; Dijon for Côte-d'Or ; Vesoul for Haute-Saône ; Auxerre for Yonne ; Mezières for Ardennes ; Besançon for Doubs (1)."

In the spring of the same year the Federation, through the medium of M. Skolyszewski, imported the first Polish immigrants and found employment for about a thousand of them in the departments of Meurthe-et-Moselle, Meuse, Vosges, Marne, Haute-Marne and Aube. But, in consequence of bad recruiting, this first attempt did not produce the results looked for by its promoters.

The Central Society, however, calculated that "Galicia could supply France with excellent agricultural labourers, if there were a solid organization, a real labour bureau, to arrange for their employment." (2) The central society entered into correspondence with the Local Government of Galicia to settle the bases for this bureau and to establish the clauses of a model contract, which, with due observance of French customs, might also suit the habits and uses of the Polish labourers. When this contract had been agreed on, (3) the Government of Galicia, at the instance of the Society founded an agency of its central labour bureau (4) at Nancy, which worked, under the management of M. de Madurowicz from 15th. February to 1st. June, 1909 (5).

(1) See: "Demand for Polish Labour", established by the Federation.

(2) See: the *Bon Cultivateur* (*op.cit.*), 27th. February, 1909.

(3) See below p. 173.

(4) The following information, supplied by M. de Madurowicz, regarding this central labour bureau, the headquarters of which are at Lemberg, is to be found in the *Bon Cultivateur* (*op. cit.*) of 27th. February, 1909 :

"The Kingdom of Galicia, which is a Province of Austria-Hungary, situated in the North East of that Empire, has its own Government, the members of which are appointed by the Diet, the Parliament of the Country, and at the head of which is the Government Chief Marshall and President of the Diet. This organization corresponds to the French departmental organization, but on a larger scale, since Galicia has 8 million inhabitants. The six members of the Government share the management of the public services and the Central Labour Bureau is attached to one of these services. It is, therefore, a public institution, founded with the intention of procuring for the labourer an improvement of his position and obtaining work for him either in his own country or among the nations where labour is not sufficiently abundant.

This Central Bureau has organized twenty-five municipal and departmental offices these are Government bureaux, founded in accordance with the Galician law of 1904 ratified by the Emperor of Austria."

(5) Information supplied by the former delegate of the Polish Emigration Society.

On the latter date the agency of the central labour bureau was replaced by the agency of the *Polish Emigration Society*. This Society, founded at Cracow in 1908 by the "chief representatives of all political parties and all classes of the nation," had for its object "to take in hand the management of the emigration movement and to direct it towards France." Patronised and subsidised by the Galician Diet, it sent a delegate to France, who established himself provisionally at Soissons (from March to June, 1909) and succeeded the official representative of the Central Office at Nancy, replacing him completely. The same year a branch of the Nancy agency was founded at Paris working at the Commercial Exchange (1). Less than a year later, May, 1910, Countess Zamoyska founded the *Society for the Protection of Polish Labourers in France* to assist the immigrants morally and materially (2).

*
* *

On its side, the *French Farmers' Central Syndicate*, with headquarters at Paris, had also been invited to consider whether it would not be possible, in order to meet the growing scarcity of labour, to have recourse to foreign elements that France had not yet availed herself of (3). On the proposal being made to it in the first months of 1908 by a delegate of the *Warsaw Agricultural Society*, the Syndicate attempted to recruit labourers for its members in Russian Poland; but this effort failed completely, the Warsaw Society, "for want of sufficient local organization" being only able to supply a very small number of labourers. In spite of this check, the Syndicate decided to enter into relations with the *Galician Government Central Labour Bureau* and, subsequently, with the *Polish Emigration Society*. The Central Bureau forwarded its contracts (4) and entered into correspondence with the Syndicate which confined its action to that of a benevolent mediator between these two Galician organizations and the syndicated farmers desirous of making trial of Polish labour. A certain number of labourers was thus hired in the course of 1908; but, generally, they hardly gave satisfaction to those who employed them, with whom they remained only a short time. In consequence of these unsatisfactory results, and although the labour problem is extremely urgent, the syndicate

(1) Information supplied by the former delegate of the Polish Emigration Society.

(2) This society, founded with a purely philanthropic intention, has collected sufficient funds in Poland to allow of a Polish priest travelling through the districts of France in which the Polish labourers are scattered.

(3) In a report presented at the general meeting of 21st. March, 1908, the President of the Syndicate showed that the Belgian labourers "came to France in smaller number, and readily left agriculture for manufacturing work." (*passim*).

(4) See p. 173 et seqq.

occupied itself no further actively with the immigration of Polish labourers into France (1).

The immigration movement excited by the *Nancy Agricultural Central Society* was not slow in giving rise, both in France and abroad, to a certain number of labour agencies for Polish labourers. These agencies, whether authorized or not, as their object is purely commercial, in most cases, furnish no guarantee: they engage labourers with no other consideration than that of making the largest possible profits out of the transaction. They have occasioned numerous complaints both on the part of the farmers and of the labourers who have had recourse to them. The Austro-Hungarian Embassy at Paris, which at first showed itself favourable to the immigration of Galician agricultural labour, has also been influenced by the mode of action of these agencies, in consequence of the large number of workmen for whose return it has had to arrange who had been brought to France by interloping agencies and abandoned by them without any resource.

§ 2. *The Societies, Agencies and Recruiters.*

The Societies agencies and individual recruiters, who engage Polish farm labourers in their own country or undertake to bring them to France have their headquarters abroad; they have agents or correspondents who put them in relation with the French farmers or the syndicates recently formed by the latter with the object of improving the conditions of immigration. The following is a list of the agencies known in France:

Hirsch-Demian, at Janow, (Galicia);
 Juluisse-Kolda, at Jaroslaw, (Galicia);
 A. Heftmann, at Kusno (Guber Warsaw);
 Noworyto, 22, Novogradzka Street (Warsaw);
 K. J. Strzelecki, at Czortkow (Austria);
 Universal-Reise-Bureau II Mühlfeldengasse, 5 (Vienna);
 Boguslaw, at Kiew (Gubernia);
 Mauryuy-Wolsztein, Wloclawek, Guber Lubelska (Russia);
 Kokott, at St. Veit, Carinthia;
 David Rubenstein at Fürstenwalde (Germany);
 Union-Ticket-Office, at Basle, (Switzerland).

(1) Information supplied by the Syndicate: see *Bulletin of the Central Syndicate*, 1st, and 16th. April, 1st. November and 16th. December, 1908.

To this list we must add, the *Central Labour Bureau*, at Lemberg, the *Polish Emigration Society* (1), the *Popular Polish Emigration Society* (2), founded at Cracow in 1908 by M. Skolyszewski, Deputy to the Diet, who from the first has occupied himself with this immigration, and the *Christian Social Alliance* of Cracow (3).

In France, up to the end of 1910, the engagements, in addition to those arranged by the *Polish Emigration Society*, were almost exclusively made through a farmer of Nogent-lez-Montbard (Côte-d'Or), the representative of the *Polish and Popular Emigration Society* and by an authorized bureau — *La France*, which worked at Aubervilliers (Seine) from January to October, 1910.

About ten other persons have been mentioned as occupying themselves with the engagement of Polish labourers, amongst others a wine farmer of Nuits-Saint-Georges (Côte d'Or), who, as well as the farmer at Montbard, has recently applied for authorization to open a bureau (4). These various agencies recruit labour by means of advertisements in the Galician papers; they have also employees (*rabatteurs*) to concentrate the emigrants generally at Cracow or Oswieçim. Finally, certain individuals, continually changing their residence, hiring labourers in France and in Poland, have clandestine labour offices.

*
* *

In August and September, 1910, the farmers founded the *French Agricultural Labour Syndicate* at Paris, working under the auspices of the "French National Agricultural Society," and the *French Farmers' and Agricultural Industrials' Mutual Syndicate* (5). In fact these two syndicates have almost for their exclusive object the recruiting of Polish labourers in the interest of their members. They are in relation with the Local Government of Galicia and have attempted to enter into treaty with

(1) Since the 1st. August, 1911, this Society has no more agencies in France; it is arranging with the organization committee of another society in course of formation, the "Polonia" (see p. 191), to substitute it completely in everything relating to immigration into France.

(2) This Society is also called: "M. Victor Skolyszewski's Labour Bureau Concession"; it was founded as "*Popular Society*", later than the *Polish Emigration Society*.

(3) This Society is said to have been founded by a priest, who after being deputy to the Galician Diet, is now deputy to the Reichsrat.

(4) We must note that the *Dijon Agricultural Society*, after an enquiry into the results of the *Meurthe-et-Moselle* immigration, decided not to occupy itself with the recruiting of Polish labourers.

(5) Originally this Syndicate was styled *French*, etc.... *Central Syndicate*.

the Polish societies or agencies that seemed to offer them the best guarantee ; they have, besides, drafted labour contracts.

§ 3. *The Contracts.*

From the beginning of this immigration, the *Federation of the Agricultural Societies of the North-East of France*, following the indications of the Nancy Central Society, had also fixed the wages of the Polish labourers it was to obtain for the farmers (1) :

1st. For men over eighteen years of age, 400 francs with the food and lodging usual on farms ;

2nd. for young men under 18 years of age, between 300 and 400 francs, according to their aptitude and age, with board and lodging ;

3rd. for women, 300 francs with board and lodging.

The labourers may also be paid by the day or month when working only for the season. In that case they may be boarded and lodged, or else they may be given wages in kind, consisting of potatoes, bacon, fat and wine, with kitchen and sleeping room.

In addition, it was agreed that the farmer should pay their travelling expenses from Cracow to Nancy, and their return journey, if the contract had been strictly carried out, whether the labourer had been engaged for one season or for a period of at least two years.

These conditions with variations in the rate of wages have served as the general basis for contracts subsequently drawn up by the various labour agencies. We may take as a typical contract that arranged between the North-East Federation and the *Galician Central Labour Bureau*, which was most frequently applied up to 1910.

I. *Labour Bureau* (Galicia, Austria)

Season Labourers' Contract.

I. *The Master*

- (a) Name ;
- (b) Profession ;
- (c) Domicile ;
- (d) Post Office ;
- (e) Railway Station ;

II. *The Labourers.*

- (a) Total Number with specification ;
- (b) Strong men ;
- (c) Young men who can reap ;
- (d) Young men who cannot reap ;
- (e) Women.

(1) Circular of the Federation.

§ 1. The undersigned engage to work as season labourers for M. . . . living at near department of , from to and to execute faithfully and conscientiously every kind of work in connection with the farm where they are occupied.

Each of the undersigned must be supplied with a book establishing his identity with, in French, all the particulars required in France for the registration of foreigners.

The undersigned certify that they are without physical defect and not suffering from any disease that might interfere with their work and from no contagious malady by which other labourers on the farm might be infected,

The undersigned women labourers specially certify that they are not with child. The undersigned labourers further declare that at the date of signing the contract they have no idea that they may be called upon either for their ordinary military service or for special military service.

§ 2. The farm labour begins on leaving the house at 5 in the morning and ends at 7 in the evening, with intervals of a half hour for breakfast and lunch and an hour and a half for dinner.

In cases of urgency, the labourers must, at the request of the master, work beyond the abovementioned hours; every additional hour shall be paid at the rate of 20 centimes for labourers with wages at 42 frs. per month and 15 centimes for those at 38 frs. per month.

§ 3. The labourers shall be completely free on Sundays and the following holidays :

New Years Day, 1st. January. — Epiphany, 6th. January, — Purification, 2nd February. — Annunciation, 25th. March. — Easter Monday, — Ascension Day, — Whit Monday, — Corpus Christi, — St. Peter's and St. Paul's Day, 29th. June. — Assumption, 15th. August — Nativity, 8th. September. — Michaelmas, 29th. September, — All Saints' Day, 1st. November, — Immaculate Conception, 8th. December. — Christmas, 25th. December. — St. Stephen's Day, 26th. December.

§ 4. The labourers shall be paid at the end of each month. The wages of the strong men between 22 and 40 years of age, and for those young men who can reap, are fixed at 42 francs per month. Young men between 18 and 22 years of age who cannot reap and women shall receive 38 francs a month.

§ 5. During the first months of the present engagement the master shall keep back half the salary of each labourer as security for his fidelity to his engagements and to cover his travelling expenses if necessary.

This deduction shall continue until the amount of francs is reached, that is, the amount of the labourers' travelling expenses from Cracow to his place of destination.

This amount shall be repaid to the labourer on expiration of the contract.

§ 6. The labourers shall receive in addition to their wages the following provisions :

1st. Per person per day

1 litre of unskimmed milk ;
 $\frac{1}{2}$ litre of wine.

2nd. Per person per week

| | |
|-----------------------------------|---------------------------|
| Potatoes as desired ; | 5 kgs. bread ; |
| $\frac{3}{4}$ kg. of fresh meat ; | $\frac{1}{2}$ kg. flour ; |
| $1\frac{1}{2}$ kg. of bacon ; | $\frac{1}{2}$ kg. salt. |
| $1\frac{1}{2}$ kg. of rice ; | |

The cooking shall be done by a man or woman of the party, who shall have a half-day in the morning for the work when the number of labourers does not exceed 20. If there are more than 20 labourers he or she shall have the whole day free.

Besides, in the first case, when the number of labourers is less than 20, he or she, shall have, once a week, the second half-day for washing the labourers' linen.

On farms where the number of labourers is less than 8, they may receive the same treatment, with regard to food, as the French labourers on the farm.

And in this latter case a man or woman of the party shall have half a day once a week for washing the labourers' linen, unless the master himself undertakes to have the linen washed.

Dry and healthy lodging, (separate for men and women) with sleeping accommodation consisting of a bed, with straw mattress and pillow and a blanket, as well as a kitchen, with all kitchen utensils and heating arrangements for cooking food, shall be supplied by the master.

§ 7. The master shall have the right to break the engagement, if :

1st. The labourer refuses to conform himself strictly to the orders of the master or his representative ;

2nd. The labourer permits himself to insult or assault the master or his representative ;

3rd. The labourer is condemned for a crime punishable by law ;

4th. The labourer ill-treats the farm animals.

In all such cases, the labourer loses his right to the money held in security and to payment of the expenses of his return journey.

§ 8. The labourer has the right to break his engagement, if :

- 1st. Either the master or his representative assaults him ;
- 2nd. The master does not conform to the essential conditions of the present contract ;
- 3rd. Either the master or his representative conducts himself immorally towards the labourer.

In these three cases the master must repay the labourer the money held as security and pay for his return journey.

§ 9. On the termination of the farm labour, the labourers are bound to return the implements entrusted to them by the master, or, in case of loss, to refund the amount of their value ; however, they are not liable in the case of unintentional deterioration of these implements.

§ 10. The master gives the labourers free railway journey from Cracow to Salzburg in 3rd. class, from Salzburg to Avricourt in 4th. class, and from Avricourt to the place of destination in 3rd. class, as well as 1 franc per labourer for every twenty four hours travelling for food during the journey from Cracow to the place of destination. On expiration of the contract he shall give each labourer the sum of . . . francs, for the return journey.

§ 11. In the case of death or serious disease in the labourer's family, or in case any unforeseen circumstance obliges the labourer to return home, he is bound to support his application for discharge by a certificate from the mayor of his commune and the priest of his parish, or some other official certificate. Yet such labourer loses his right to return home at his master's expense.

Besides, if the necessity for return is not confirmed in the positive manner above indicated, the master has also the right to retain the security amounting to the sum paid by him for the labourer's travelling expenses on arriving.

§ 12. The labourer who breaks his contract voluntarily and without valid reason (§ 8) loses his right to the security and to the payment of his return travelling expenses.

§ 13. The master may in exceptional cases grant the labourer an advance on account of the amount below indicated against the name of the labourer, which shall be deducted from his next pay.

§ 14. In case of sickness of the labourer, it is the duty of the master to take care of him and especially to provide medicine and medicaments, in addition to board and lodging. The master owes the labourer no wages during the days of his sickness.

It is the master's duty to insure the labourer against accidents in his work.

It is also the duty of the master in case of the labourer's death, to arrange for his burial and immediately to notify the decease to his family

or to his commune and to remit to the family the amount of security after deducting the funeral expenses.

Domicile of the Master and date :

Signature of the Master :

Name and surname of the Labourer :

His domicile :

Post Office of the place of his domicile :

His age :

Amounts received on account :

The Labour Bureau.

at.....

certifies the authenticity of the signatures written by the labourers.

The labourers who cannot write have put a cross instead of their signatures. Their names are registered at the Bureau.

Date

Signature of the Manager of the Labour Bureau (r)

The contract for farm labour for the year fixed the wages :

for strong men from 25 to 40 years of age at 500 francs.

for young men from 20 to 25 „ „ „ „ 450 „

for women 360 „

These wages, if the travelling expenses, are included, would correspond to those most generally received by French labourers of the same class. The agency "France", to compete with rival agencies and societies, offered the labourers much higher wages, amounting even to 700 francs. Another agency, with the same object, but a different method, obtains labourers at a lower salary, which is, however, not fixed in anticipation by the contract, but is to be settled at date of engagement. Finally, a third recruiter announces that the wage is to be settled after engagement when the work is known.

*
* *

Experience soon showed the necessity of modifying the contracts especially in two points which had caused many disputes and entailed the early departure of many labourers. These were, first the period of work

(1) This contract is printed in two columns of the same text in French and Polish. It must be observed that many of the contracts are not in fact made out equally clearly: they are printed on very bad paper, at an inferior printing press, or are badly typewritten. Besides, they give no indication of the society, agency or recruiter arranging them, and it would seem that those who have drawn them up do not greatly desire their preservation and above all wish to remain strictly anonymous.

from 5 in the morning to 7 in the evening ; and, then, the clause for absolute rest on Sundays and holidays. In consequence, it was arranged that the employees engaged by the year should work according to the custom of the district where they are employed (1), and that on Sundays and holidays " work should stop at 8 in the morning, except in cases of urgent necessity, when the labourers would only be free for the hour of high mass."

Other modifications were introduced, especially with regard to the holidays, the number of which in some contracts was reduced from sixteen to six, the celebration of the others being " transferred with the consent of the Holy See to the following Sundays."

In new contracts of the *Polish Popular Emigration Society* (Skolyszewski agency), the travelling expenses for the return journey are exclusively defrayed by the labourers, who, in compensation, benefit by higher wages increased in proportion to the distance from the German frontier. For this purpose, the departments to which the immigration may now be directed have been divided into three classes :

1st. Departments of Haute-Marne, Côte-d'Or, Haute Saône, Doubs, Jura, Vosges, Meurthe-et-Moselle and Meuse:

(a) 350 francs for women, girls and less robust young men ;

(b) 400 francs for more robust young men and less robust older men ;

(c) 450 francs for reapers ;

(d) 500 francs for very robust and specially capable men.

2nd. Departments of Ardennes, Marne, Aube, Yonne, Nièvre, Saône-et-Loire, Rhône, Ain, Savoie, Haute-Savoie and Loire : same wages increased by 10 francs ;

3rd. Departments of Pas-de-Calais, Nord, Somme, Oise, Aisne, Seine-Inférieure, Seine-et-Oise, Seine-et-Marne, Eure, Eure-et-Loir, Loire, Indre-et-Loire, Loiret, Loir-et-Cher, Indre, Cher, Allier, Creuse, Vienne and Haute-Vienne : increase of 20 francs.

If the labourer reviews his contract for another year, his annual wage is increased by 100 francs ; in addition, he obtains the restitution of the 60 francs security stopped from his pay in the first working year, and no further stoppage is made (2).

To try to prevent breach of contract — so damaging to the farmers, the *French Farmers' and Agricultural Industrials' Syndicate* and the *French*

(1) Communication made by M. de Madurowicz, *op. cit.*

(2) As to food, it may be pointed out that many contracts, instead of enumerating the articles that must be supplied to the labourer, confine themselves to stipulating " that he shall be boarded in the same way as the French or foreign labourers of the region ; " the same holds with regard to the conditions of lodging, heating and lighting. Other contracts stipulate that, each labourer shall receive a daily allowance of 1.50 fr for food.

Agricultural Labour Syndicate have arranged for progressive increases of wages with payment of a premium on expiration of the contract. Thus, in the contracts drafted by the latter syndicate in accord with the *Polish Popular Emigration Society*, it is stipulated that :

The annual wage of the labourers engaged shall amount for :

women, young girls and less robust young men . . . to 240 frs.
 more robust young men „ 290 „
 adult men „ 340 „

In addition, each of them receives a premium of 60 francs on expiration of contract.

The annual payment shall be made as follows :

| | Women, girls and less robust young men | | More robust young men | | Adult men | |
|---|--|-----------|--------------------------|-----------|-----------|-----------|
| | Monthly | Or | Monthly | Or | Monthly | Or |
| | — Frs. | — Frs. | — Frs. | — Frs. | — Frs. | — Frs. |
| The first four months | 7 | 28 | 12 | 48 | 152 | 60 |
| The other eight | 22 | 176 | 27 | 116 | 30 | 240 |
| Supplementary amount for July | 18 | 36 | 13 | 26 | 20 | 40 |
| Total | | 240 | » | 290 | » | 340 |
| With the premium | | 60 | » | 60 | » | 60 |
| Women, girls and less robust young men receive | | 300 | » | » | » | » |
| More robust young men receive | | | | 350 | » | » |
| Adult men receive | | | | | | 400 |

It must be observed that the rate of wages fixed by this contract is nearly the same as that originally fixed by the *Federation of the North East* (1) ; but less than that in the contracts established up to that date by the *Popular Society* (Skolyszewski Agency) on its own account, in

(1) See page 173.

accord with its French correspondent, as well as to that fixed in the contracts of the *Central Labour Bureau* and the *Polish Emigration Society* (1).

Besides the wages mentioned above, shepherds, carters, herdsmen and dairymen receive an additional 5 francs the month; women engaged in tending animals also receive an additional 4 francs.

The wage of men and women field labourers engaged by the year is from 324 to 528 francs. If the labourer renews his contract for a second year his wage increases to from 420 to 624 frs.

Each man and woman labourer is further allowed by contract an amount of 40 francs in addition to the price of his or her third class ticket from the starting point to the frontier, this only at the expiration of the contract.

The same contracts include the following clause, which tends to safeguard the interests of the parties concerned and incites them reciprocally to maintain their engagements:

"All differences arising between employers and employees with regard to the carrying out of the present agreements or their interpretation, shall be decided, at the request of the first applicant, by three arbiters, one of whom shall be designated by the *Syndicate Chamber*, the second by the *Society for the Protection of Polish Labourers in France*, presided over by Countess Zamoyska, and the third by the *Society of French Farmers*. The arbiter of the *French Farmers' Society* shall preside in this court of arbitration and shall have the casting vote." (2)

The last contract drafted by the *French Farmers' Mutual Syndicate* was based on nearly the same lines as the foregoing, but with higher wages: it provides also for the arrangement of piece work, payment for which would be settled according to local use. The farmers, as a class, would like to apply this last system as far as possible, but the labourers would rebel against it. (3)

*
* *

Except the contracts of the *French Agricultural Labour Syndicate*, all those of societies or agencies contain a clause stipulating that "during

(1) The agency of this Society uses the Central Bureau contracts.

(2) In a second paragraph it is stipulated that "The sentence given shall be final, sovereign and without appeal or recourse to any other jurisdiction". There is no need to say that this last clause can only be purely formal and has no legal value.

(3) The *French Sugar Manufacturers' Syndicate*, in the course of 1910, sent a delegate to Cracow and Warsaw, to study the conditions for recruiting Polish labourers for beetroot cultivation and especially to consider the question of engagements for piece work payments. As a result of this mission a report was prepared and forwarded to those concerned "confidentially." Therefore, it has not been possible to obtain knowledge of its details.

the first months of the engagement, the master shall keep back half the wage of each labourer, as security for the fidelity of the latter to his engagements and to cover his travelling expenses if need be." Although, on the other hand, it is generally stipulated that the amount stopped — 60 francs most frequently — shall be repaid to the labourer on expiration of his contract, this clause is none the less illegal, for the stoppage prescribed in it is above the tenth of the wage, which is the only stoppage in money permitted by the law.(1)

We must observe that nearly all the contracts are only signed by the master and the labourer; the agencies take no responsibility and, in case of breach of contract, the master has only an illusory recourse against the labourer. Yet in the contracts drawn up by the *Central Labour Bureau* and those, more recently, by the *Labour Syndicate* in agreement with the *Popular Society*, the representatives of the recruiting organisations certify "the authenticity of the signatures made by the labourers. The labourers who cannot write have put crosses instead of signatures; their names are registered with the Bureau"(2). This is, up to the present, the only security the two forms of contract afford the masters.

§ 4. *Recruiting and Hiring of Labourers in Galicia.*

The results of Polish immigration into France are necessarily subordinate to the conditions under which the recruiting and hiring is carried out in Galicia. The *Galician Government Central Bureau*, when its Nancy Agency first began working, made the most satisfactory declarations on

(1) This clause is contrary to the provisions of article 51 (book I) of the Labour Code: A "master who gives an advance in money, except in the cases provided for in paragraph 3 of the preceding article can only reimburse himself by means of successive stoppages not exceeding the tenth of the amount of the wages due."

Several contracts include also the following article: "The labourer has received . . . fr. . . c. on account, which will be deducted from his next pay"; in others, we find the same article with the difference that the word *advance* is substituted for *on account*, and, in the majority of cases it seems to be the only correct expression. Generally, in fact, it is not a case of sums paid during the course of the labour and thus forming a real payment on account, but sums paid to the labourer before he has commenced working. In such case, and in spite of the abusive use of the expression on "account," the clause is equally illegal. In this connection we may mention a contract in terms of which "the employer stops as security from the labourer the half of his fortnightly pay up to the amount of 60 francs, and deducts from his next pay 52 fr. 50 for payments on account" or a total stoppage of 112 fr. 50. In virtue of these two clauses a farmer, having paid 107 francs to the agency procuring him a Polish labourer, declared he had employed him for two months and let him go "without paying him any money, so as to reimburse himself for his payments in advance."

(2) See contract, page 177.

this subject to the *Central Agricultural Society of Meurthe and Moselle*, through the organ of its representative.

"Precise indications are required in the case of each labourer", said M. de Madurowicz, "as to his antecedents and aptitude, in order that each may be given the work for which he is suited; the agricultural labourers are reserved for agricultural work and the industrial labourers for work in workshops, factories and industry generally. Germany thus employs a large number of Galicians in mines, metallurgy and agriculture. But in the case of France, the object of the *Agricultural Central Society* being exclusively to procure the farmers good labourers habituated to field work, the method of the *Central Labour Bureau* is excellent since the labourers provided for agriculture will never have done other than field work. This is a very important point.

Further, the *Central Labour Bureau*, with the intention of extending its action to all the regions of France in need of agricultural labour, has given severe orders that each of its dependent offices shall make a minute examination, so as only to send to France the best and most robust peasants.

When the labourers are shipped at Cracow, they are again subjected to an examination by the Manager of the Office of that city, who satisfies himself that they all answer the required conditions.

Each labourer has a book for his identification, containing in French the indications necessary for the certificate of registration of foreigners.

It is the duty of each employer, on the arrival of the labourer to make declaration at the Mayor's office and pay the costs in connection therewith (1).

It does not seem that this system was long in practice, even admitting that it ever was completely. In any case, since the Central Labour Bureau suppressed its agency at Nancy, the recruiting of labourers for the French Farmers is carried on in the most unsatisfactory manner. In two principal centres, Cracow and Oswięcim, any one who presents himself is hired, the Galician and French agencies only seeking to supply the largest number of labourers, without taking account of their aptitude or of their morality, with the object of receiving the largest possible commission. It must also be said that Germany — making every effort to maintain the emigration movement directed towards its provinces — has organized a real recruiting service in Galicia on serious lines, selecting the agricultural labourers methodically and generally only leaving to the other agencies the rejected. In addition, the French farmers it seems are late

(1) According to the law of 8th. April, 1893, on the residence of foreigners in France and the protection of national labour, "any person employing a foreigner not provided with a certificate of registration is liable to be punished by the courts. (art. 2)"

in making their requests for labourers, for the recruiting can only be done well and easily up to February for the summer season and up to August-September for the winter.

§ 5. *Commissions and Travelling Expenses Deducted by the Agencies.*

The amounts deducted by the agencies for their expenses of hire and transport are rather variable. There is sometimes a considerable difference in charges, between one agency and another, not always justified by the difference of distance. The Central Labour Bureau had at first calculated its agency and transport expenses at 37 fr. 50, as under :

Agency expenses and cost of transport for each labourer to Nancy amount to 37 fr. 50, when the party is composed of at least a hundred labourers. The expenses are sometimes higher, when the party is less, for the costs of conducting the party are then divided amongst a smaller number of labourers. These expenses which are charged against the employer, are made up as follows :

| | |
|--|-----------|
| Cost of Journey Cracow-Nancy | 26 fr. 00 |
| Bureau charge | 6 „ 00 |
| Conduct of the Party | 2 „ 50 |
| Expenses for Food on the Journey | 3 „ 00 |
| Total | 37 fr. 50 |

When the labourers come in numbers of less than 100, the expenses come to 44 fr., for they then enjoy no reduction of the German and Austrian railway rates.

This amount of 37 fr. 50 or 44 francs was soon increased, and the rate of transport arranged by the Polish Emigration Society and the Federation of the Agricultural Societies of the North East was reckoned at 50 francs up to 1910. Then, it seems that, in consequence of difficulties arising in Germany, some of the agencies had to change their route. Thus, the Polish Emigration Society, which used to send the emigrants with a conductor by way of Salzburg and Munich, had to have recourse to two stages, — one from Vienna to Basle, the other from Basle to Paris — thus increasing their expenses which were thenceforth 65 francs (1). At the end of 1900 the same society asked 75 francs for supplying a labourer and engaged to replace him, if necessary, at the end of four weeks, at the cost of another 62 francs. The amount of 75 francs asked by the Polish

(1) Information supplied by the former delegate of the Polish Emigration Society.

Emigration Society was again exceeded by other agencies, as appears from the prices fixed by some of them.

The "France" asked only 15 francs commission, payable a fortnight after the arrival of the labourers (1); but required a sum averaging 75 francs to be paid in advance to cover expenses:

Unreduced travelling fare:

| | |
|---------------------------|-----------|
| Cracow to Basle | 24 fr. 75 |
| Basle to Paris | 26 „ 90 |
| | <hr/> |
| | 51 „ 65 |

Recruiting Expenses of the Cracow Agency, average

| | |
|-----------------------------|----------|
| 4 to 6 crowns (2) | 4 fr. 65 |
|-----------------------------|----------|

Transit Expenses:

| | |
|--------------------------------------|----------|
| Cracow to Vienna: 3 crowns | 2 fr. 79 |
| Vienna to Basle: 3 „ | 2 „ 79 |
| Basle to Paris | 1 „ 00 |
| | <hr/> |
| | 6 fr. 58 |

| | |
|---------------------------------------|----------|
| Food (4 days): 4 to 5 crowns. | 4 fr. 50 |
|---------------------------------------|----------|

| | |
|--|-----------|
| Expense of transport of the labourer from his residence to Cracow, about | 10 fr. 00 |
|--|-----------|

Total 77 fr. 08

or, with the commission, only taking the average given of 75 francs, an amount of 90 francs. In case of demand for immediate supply, 20 additional francs per labourer were exacted.

A certain agency, it is said, charges 97 francs for the transport of a labourer from Oswieçim to Côte-d'Or. Now the cost of the journey (including food) is only 50 francs (3). This rate, besides, is by no means fixed, the agency sometimes raising it to 120 francs and more, exclusive of its commission, as is shown by the following prices asked in 1908-1909: from 80 to 100 frs. per labourer for the department of Nièvre; 120 francs for that of Aisne; 130 francs for that of Seine-et-Oise. Whether the labourers are separated into groups in Côte-d'Or or in Paris, the difference in the distance does not correspond with the difference in price.

(1) Tariff published at the Prefecture of Police, 13th. January, 1910.

(2) In France the value of the crown may vary from 0.93 fr. to 1.05 fr., according as it is calculated on the intrinsic or the current value.

(3) In the case of large parties, it would only be 40 frs. per labourer.

We must observe that the Polish Popular Emigration Society only asks 67 francs for bringing a labourer to Dijon when it is applied to directly ; therefore, in that case it would only charge 17 francs commission.

Another agency of the same region is said to ask immediate payment of 80 francs, with only 20 francs commission.

It is evident that the rates of commission and of transport asked by the agencies are not at all fixed and are not regularly applied, whatever tariffs they publish, and it is certain that the differences in these rates is not due to differences of distance. With the exception of the two French farmers' syndicates that have founded labour bureaux, the agencies have no other rule than that of charging the highest possible price for their services.

* * *

The *Central Labour Bureau* (of Lemberg) receives no payment from the labourers, but it exacts from those hiring them in Galicia a definite amount, as follows : 1 crown for the first two months of the year ; 3 for the third and fourth ; 4 for the fifth and sixth ; 5 for the seventh and eighth ; 3 for the ninth and tenth ; and 2 for the eleventh and twelfth. (1)

We understand the *Polish Popular Emigration Society* asks a fairly high commission from each labourer hired ; and the *Polish Emigration Society* does the same. (2)

* * *

The *French Agricultural Labour Syndicate*, as a result of the conventions or treaties it has been able to enter into with certain Galician organizations, exacts from its members " an allowance not to exceed the sum of 75 francs per labourer, as repayment of recruiting expenses in Poland, and the cost of the journey as far as Basle or any point on the French frontier, and a varying amount for the transport of the labourer in third class from the frontier to the place where the party has to separate. (3) If the labourer has been hired in France, only repayment of travelling expenses is exacted."

The *French Farmers' Mutual Syndicate*, which organized a labour office at the Paris Commercial Exchange in November, 1910, asks from its members, for each order for Polish labour, an average of 95 francs for ex-

(1) For French employers, the Bureau had only one rate of 6 francs. (See above p. 183) — The variations of the tariff in use in Galicia correspond with the greater or less amount of available labour, at the various seasons of the year.

(2) Information forwarded by the French Embassy at Vienna.

(3) The Syndicate collects at its office (rue Lacuée) the orders which are sent forward in detachments of 50 labourers.

penses of the journey and of recruiting; if the syndicate has available labourers, the employer may obtain them at the maximum rate of 20 francs (1).

§ 6. *Concentration and Distribution of the Polish Labourers in France.*

Up to the present, it seems that the labourers brought from Galicia are principally concentrated:

1st. at Nancy, by the Central Agricultural Society of the Federation of the Agricultural Associations of the North East of France and the Polish Emigration Society;

2nd. at Paris, by the agency of the Polish Emigration Society; the Marlot-Skolyszewski Agency (Polish Popular Emigration Society); the authorized Bureau, "France"; the French Agricultural Labour Syndicate and the French Farmers' Mutual Syndicate;

3rd. at Dijon, by the Marlot-Skolyszewski agency.

From these three cities distribution is made to various regions; either the farmers come themselves to take their labourers, or the agencies bring them to their place of residence. From spring 1908 to the end of 1910, distribution was made, — in very unequal proportion, to the following thirty-two departments: Ain, Aisne, Allier, Ardennes, Aube, Belfort (territory of), Cher, Côte-d'Or, Creuse, Doubs, Eure, Eure-et-Loir, Gers, Indre-et-Loire, Isère, Jura, Loiret, Marne, Marne (Haute-), Meurthe-et-Moselle, Meuse, Nièvre, Oise, Orne, Saône (Haute-), Seine, Seine-Inférieure, Seine-et-Marne, Seine-et-Oise, Somme, Vosges, Yonne (2).

Of course it is in the regions nearest the centres of concentration, such as the departments of Meurthe-et-Moselle, Meuse, Seine-et-Oise, Seine-et-Marne, Oise, Côte-d'Or and Haute-Marne, that these labourers are found in largest numbers.

As the Polish labourers frequently change from place to place, it is nearly impossible to establish accurate statistics and to determine how many of them are hired for a year or for a season. The figures we can give have then only a merely approximate value. According to the information obtained, the number of Polish labourers who entered France between 1908 and 1910, was about 10,000, 1,200 of them being women or young girls, and 250 families. Of this number at least 5,000 would be still occupied in France, the majority as labourers by the year.

(1) We must observe that for reasons mentioned below (see p. 190), the conditions fixed by the Syndicates for their labour offices have scarcely up to the present a theoretical value, the Polish agencies not having been able to supply labourers in sufficient number for their application to be in practice frequent.

(2) Information furnished by the Prefects.

§ 7. *Results of the Trial of Polish Immigration.*

What are the results given up to the present by the various experiments made in importing Polish labour into France? It would be premature to say. Opinions that have been expressed on the subject are so conflicting that it is scarcely possible to do more than register them without being able to draw a definite conclusion. In certain regions the farmers express themselves satisfied with the immigrant labourers; in a far greater number of others, they declare themselves dissatisfied. They say they are incapable, lazy and suspicious. According to the first, they are sober, according to the others, intemperate. There is one point on which all the farmers agree: this is the ease with which the Polish labourers break their contracts, generally without apparent motive. Amongst the reasons for this we must include home sickness, the disappointment felt by the labourers on arriving in France, where they expected to find a better situation than that they receive; the complete change in their habits, finally and above all, the secret interference of the agencies, which, for their own profit, take them away from one master to place them with another.

It seems that these labourers are generally slow, passive, mild and suspicious. They tend to live together and to avoid contact with the people of the country round them. Very religious, they are all Catholics, but of different rites, which causes rather bitter quarrels between them. Thus, the Galicians cannot live on good terms with the Ruthenians. Almost all seem to have only one object: to save enough money to go to South America.

In spite of all, when they are treated kindly, the Polish labourers seem to manage to adapt themselves fairly well to their environment; they learn French quickly (1) and are not slow to accustom themselves to the implements and methods of labour in use in France, which, yet, are appreciably different from those of their own country. The reception given them by the people of the various regions whither they immigrate is generally good, or at least indifferent. For the rest, the wages paid to them, are generally almost equivalent to those French labourers receive for the same work, so that these have not to fear serious competition from them (2).

(1) "To facilitate relations between the French employers and the Polish labourers, the Polish Emigration Society has published a little dictionary, arranged to be of use to both parties" (*Petit interprète*, etc.; Cracow, 1909).

(2) In this connection we may mention the case of Polish labourers employed as woodcutters in Jura who, as arranged in their contracts, were paid at the rate of the labourers' syndicate of the region in which they were employed.

This is a point specially insisted upon by the farmers who employ the immigrants, as well as by the societies obtaining them for them. "The Polish labourers", writes the Polish Emigration Society, "must not go to France to compete unfairly with the French labourers, but only because there is a deficiency of labourers in the French villages. They must not go there to work on cheap wages like coolies, but as workmen who can be of service to France" (1). Still, it must be noted that if, as regards wages, the condition of the Polish labourers is almost the same as that of the French labourers, it is not always the same in respect to board and lodging, as to which the Poles are far less exacting than the French (2).

*
* *

If this immigration has not yet given all the results its promoters may have hoped from it, it seems not entirely the fault of the immigrant labourers. The French farmers would also be responsible to a rather considerable extent. They have not shown enough patience, perhaps, to labourers in a strange land, requiring a certain period of time in order to adapt themselves to the new conditions of their existence. Several farmers have even considered that they might, with impunity, violate the clauses of the contract, more especially those concerning Sunday and holiday rest. Others seem to have treated their labourers as if they were really animals, feeding them badly and, with no regard to hygiene, crowding them to sleep in small and ill furnished rooms. Finally, on some farms labourers seem to have been treated brutally by those placed over them.

It will be understood, how, altogether, such proceedings prevented the best use of the immigrant labour, and how they favoured breaches of contract and became an impediment to renewals of contract. The labourers who renew their contract it seems, are, indeed, very few; those who break it before the expiration of the term seem to be about 25 per 100.

The farmers, therefore, should exercise patience towards their labourers and allow them a few months so as to be able to utilise them to their best interest. In the Lorraine region, where these labourers are numerous and came from the beginning of the immigration, the masters "have learned the peculiarities of their character" and profess themselves satisfied (3). There is no reason why the same thing should not occur in other agricultural regions.

(1) *La Société polonaise d'émigration* (op. cit.)

(2) This it must be remarked, is a point specially insisted on by several Agricultural Societies as well as certain agencies.

(3) Declarations of Meurthe-et-Moselle farmers.

§ 8. *Proceedings of the Agencies.*

Of all the French or Galician agencies, working in France or in Galicia, up to now not one has given satisfaction to the farmers. But it is especially the agencies organized in France by real recruiters that are the object of the bitterest complaints. Not only do these agencies, as we saw above (1), charge the highest possible sums for commissions and for travelling expenses, but they offer no security to the employers or to the employees. Besides, the masters accuse them of, systematically, with the design of increasing their profits, enticing away the labourers from the places they have found for them and thus the labourers naturally lose the sums stopped from their salaries by virtue of their contract, which should have been reimbursed to them at the expiration of their engagements. A certain agency, it is said, found 10 labourers 100 situations in the course of a year. It must then have moved the same labourer ten times and unduly received payment, ten times in succession, of its commission expenses and the travelling expenses which had been paid to it on the first engagement of the labourer. From this we may judge of the profits realised to the detriment of the farmers and labourers, who also are charged a commission for being placed in conditions said to be more advantageous. The employees and interpreters of these agencies must be persons of doubtful character, who give themselves up to the exploitation of their compatriots, who, in ignorance of the French laws, submit to their exactions. Labourers are mentioned whose annual wage was fixed at 400 francs and from whom the agencies or their employees have kept back 180 francs (2); and others who, in spite of the engagements made by the agencies hiring them, had to perform a large part of their journey on foot, the amount they should have received to enable them to reach the place of their destination in France never having been forwarded to them.

Some agencies, in announcing their conditions for finding labour, stipulate, indeed, that they undertake "to replace within the first fortnight any labourer not giving satisfaction", (3) but, besides that this term is very short, they infallibly evade this obligation. It is the same with all the assurances contained in their circulars as to the guarantees with which they surround themselves when recruiting labourers in Galicia. In fact, they accept any one without taking account of the professional aptitude of the

(1) See page 183.

(2) Communication from Countess Zamoyaska to the French Farmers' Society (Session of 15th June, 1910).

(3) Circular of the "France".

individuals (4). Thus, watch makers, shoemakers, medical students, attorneys' clerks and lawyers, have been brought to France to cultivate beetroot. It is the same with regard to the guarantee of morals, and numbers of vagabonds are engaged as farm labourers. Even the identity of the immigrants appears not always to be well established, some of them being in possession of no papers of official character.

Neither the agencies nor their representatives ever sign the contracts they pass; their interpreters only make known the sense of the clauses to the Polish labourers, who, for the most part are quite illiterate. When the labourer is once employed, whatever happens later, the agency occupies itself no further with him; it only concerns itself so far as to place him as soon as possible under a new employer.

These scandalous proceedings seem to be frequent among the French recruiting agencies, which denounce each other and thus make known their methods.

Again, some farmers, in order to obtain labour as cheaply as possible and not to have to pay the sums asked by the agencies, seem not to hesitate to offer higher wages in order to entice away, either directly, or through the medium of employees of the agencies, the Polish labourers in the employ of their fellow farmers. This "labourer hunt" which is especially practised at certain seasons of the year, can only encourage the proceedings of the agencies and their staff. Thus, the profits they realise are really enormous and they form the real plague spot in this immigration.

§ 9. *How to put this Immigration on a better Basis.*

If a remedy be not found, the exploitation of the French farmers and Polish labourers by the agencies can only go on extending itself. The enormous profits that can be realised by the placing of these labourers in certain regions have not been slow in multiplying there the number of recruiters. This number will go on increasing, it is not to be doubted, and the end pursued by these "industrials" being of necessity the same as

(1) It must be said that, according to certain declarations made by persons occupying themselves with this immigration, it would not be possible in Galicia to recruit labourers with the specifications desired by the French farmers. The differences in the methods of labour in use in the two countries would be too great to allow of this specification being made with advantage. The agencies can but confine themselves to the assurance that they only recruit labourers for farm work, without specifying whether they are gardeners, field labourers, herdsmen, shepherds, carters, etc. Besides, the gangs not being made up in Poland as in France, one cannot be surprised if a French farmer who has asked for five men receives two adults and three young persons, of whom sometimes one is a woman. It must be ascribed to the custom of the country.

that attained by their predecessors, their proceedings also will be identical, that is to say, deplorable in the interests of agriculture.

To remedy such a condition of things, the farmers should be enabled to dispense entirely with the assistance of the private agencies whether French or Galician. It is with this intention that the *French Agricultural Labour Syndicate* and the *French Farmers' and Agricultural Industrials' Mutual Syndicate* (1) have been founded. These two syndicates and, more particularly, that of "Agricultural Labour" — have placed themselves in relation with the Local Government of Galicia with the object of attempting to arrange, through the medium of its Central Labour Bureau, contracts giving all the guarantees for execution that can be desired by either party, and to conclude agreements to ensure for these syndicates the recruiting of labourers suited to perform the work for which they are engaged. These *pourparlers* have not yet led to effective results. Yet the French Labour Syndicate was recently able to enter into an agreement with the Central Labour Bureau, which engaged to make a careful selection of the labourers it will provide (2). But up to now, we may say, the situation is the same as before and as a whole, the conditions under which the immigration takes place have not yet been modified. Besides, it appears clearly that, in order to arrive at serious and lasting results, it is altogether necessary to have in France only one organisation — syndicate or association — which, in agreement with the Central Labour Bureau of the local Government of Galicia, should have the monopoly of placing the labourers that Office may procure and distributing them. Such an organization would give the farmers every guarantee and would soon reduce, if not suppress, the intervention of interloping agencies and recruiters. This is what certain members of the Polish colony in Paris have attempted to realise in the foundation of the *Polonia* society to repace, in France, the Polish Emigration Society (3).

The object the organisation committee of this society proposes to itself is :

(1) See p. 173.

(2) At the date this agreement was made, the season was already too far advanced for the selection to be made with advantage ; the Central Bureau has therefore sent no labourers. Up to the present the Agricultural Labour Syndicate has found employment, chiefly out of philanthropy, for Polish labourers without resource who had been referred to it by the Austro-Hungarian Consulate or the Prefecture of Police. It must be borne in mind that the Syndicate had also entered into an agreement with the Polish Popular Emigration Society (Skolyszewski Agency) [see page 171]. This agreement which expired on 15th. January, 1912, produced no good results : the clauses were not all observed by the agency, especially that relating to the obligation of replacing labourers who break their engagements without sufficient reason. Besides this agency scarcely sent a hundred labourers to the Syndicate.

(3) See p. 171 note 1.

1st. to monopolise the representation and organisation of Polish labour in France ;

2nd. to establish a permanent supervision over the Polish labourers and to protect them effectively, for legal, medical, social and moral purposes;

3rd. progressively to suppress the nefarious work of the agencies occupied in the exploitation of Polish labour ;

4th. to give the French employers the maximum guarantee as to the selection of labourers, organizing a serious recruiting and an effective selection, with the help of the only legal organizations of the country;

5th. by its intervention and through its knowledge of the Polish labourer and his psychology, to smoothe away any difficulties which may arise between master and labourer ;

6th. to limit the immigration of Polish labourers to the real requirements of French agriculture or industry, thus avoiding the introduction of unfair competition with the French workmen ;

7th. to establish the basis of Polish *colonisation* in France and the French colonies, chiefly in Algiers, Tunis and Morocco ;

8th. to centralize all the statistical and economic data concerning Polish labour ;

9th. to constitute a special fund for assistance and for the return of labourers to their homes ;

10th. Lastly, the rules of the *Polonia* provide that all profits it may realize shall be utilised for philanthropic and social work (75 % for work in France and 25 % for work in Poland) (1).

If such a programme can be carried out in agreement with the Central Labour office of Galicia, the problem of finding a healthier basis for the immigration would be partly solved. No doubt the organization which undertakes this task will meet with support from the authorities both in France and Austria-Hungary, as it is to the interest of both Governments that this immigration may take place under the most favourable conditions possible (2).

(1) The Committee of organisation of the Polonia Society has also drafted a new contract, according to which the wages are to vary with the regions and are fixed according to two tariffs: tariff (a) for the North, North-East, East and Paris regions; tariff (b), somewhat lower, for the other regions of France. The amount of these wages would be a little lower than that previously established by the Polish Emigration Society and the Central Bureau of the Kingdom of Galicia (Circular of the "Polonia").

(2) "The Central Labour Bureau is very desirous of entering into relations with French associations or groups, which it is advised can give serious guarantees" (Note of the French Embassy at Vienna) — For its part, the Austro-Hungarian Government has charged Baron Hennem, delegate of the Austrian Agricultural Department, to occupy himself with the immigration of Galician labourers into France.

As far as can be ascertained, it appears necessary that the organization which, in France,

*
* * *

From now forward it is for the authorities of the countries to exercise a vigilant supervision over the operations of the various labour agencies, and vigorously to repress all breaches of the laws, decrees and regulations which they may commit and to take the necessary measures for the rigorous prosecution of clandestine recruiters (1). On its side, the Municipal authority should no longer authorize, in regions where this immigration takes place, the formation of paid agricultural labour bureaux.

§ 10. Conclusion.

As it is only too evident, for manifold reasons, that agricultural labour in France is becoming more and more scarce, the farmers find themselves compelled, in order to supply the absence of it, to have recourse to foreign labour. The Polish immigration from Galicia is only answering a need already long felt, but one that the insufficient supply of Belgian and Italian

assumes the duty of taking steps for placing the immigration on a better basis, must be a *French Organisation*; it would seem difficult, in fact, for the Polish Societies and agencies concerned with this immigration to come to an understanding even on this point, for they are mutually jealous and criticise each other with a certain asperity. (See in this connection an article of 15th. July, 1911, in *Polski Przegląd Emigracyjny* (Emigration Review) of which M. Okolowicz, Manager of the Polish Emigration Society at Cracow is Chief Editor).

(1) In France these are infringements of articles 81, 87, 88, 90, 91 and are punishable in accordance with article 102 of the Code of Labour and Social Thrift. — We have seen, besides (p. 181) that almost all the contracts drawn up by the agencies contain clauses contrary to the provisions of article 51 of the same code.

As an example of the methods employed by certain recruiters, we may quote one of those unauthorized who in a circular addressed to the farmers at the end of 1910, said: "with the assistance of our own, and the Swiss, Belgian, Russian and Austrian Governments, I am in a position to supply you with labourers of both sexes," and added: "I do not wish to act as certain interloping unauthorised agencies, that supply anybody indiscriminately".

We give here, — as a document, — the text of the Order of the Provincial Government of Galicia relating to the recruiting of Galician labourers for other countries.

121 "Art. 1. Whoever in Galicia, desires to recruit for foreign countries directly, workmen, assistant workers for manufactories, farm labourers or miners, workmen for building or for digging, etc.) without addressing himself to an authorized local public medium or labour bureau, must prove that he is seeking the workmen for his own service or that of his employer.

labourers has contributed to aggravate (1). It is then fully justified and can in no way injure the native agricultural labourers. Besides, the Galician labourers, belonging by origin to a nation traditionally in sympathy with France, may be welcomed more cordially than any others. It seems then that all efforts attempted for methodically organizing, utilising and developing this immigration to the advantage of the common interests of French farmers and Galician labourers ought to be encouraged by the Governments of the two nations the general interests of which they serve at the same time.

In the term "foreign countries" as above used, the territories of the Holy Hungarian Crown are not included.

The right of labourers to conclude contracts for work abroad is not affected by this Order.

Art. 2. The proof required in the 1st. paragraph of the 1st. article must be given in a certificate delivered or confirmed by the administrative authorities or the competent police authority of the foreign country.

This certificate must indicate the name and domicile of the employer, the place and nature of the business as well as the number of employees to be recruited. If the recruiting is not made by the employer in person, the certificate must also give the name of the emissary, mention the nature of the contract by which he is bound to the employer and contain the declaration that he is authorized to conclude the contract for labour.

The certificate must bear a duly legalised signature: if a legalisation treaty has been concluded with the foreign state, the legalisation must be in conformity with the stipulations of the treaty. A former workman recently engaged for the new season may be authorized to recruit.

Art. 3. Before the recruiting can be commenced, the certificate must be examined and endorsed by the district administrative and police authorities of the place in which the recruiting is to take place. Endorsement must be refused when the circumstances authorize the conclusion that the recruiting is only an irregular (unauthorized) labour recruiting enterprise.

Art. 4. The recruiter must constantly carry his certificate and produce it at the request of the agents of the administrative and police authorities.

Art. 5. Infringements of this order are, in virtue of the Ministerial Order of 30th. September, 1857, *Bulletin of Laws*, No. 198, punishable by a fine not exceeding 200 crowns or imprisonment of from one to fourteen days.

Art. 6. This order shall come into force two weeks after its publication."

(1) The Belgian labourers are said to be decreasing in numbers more and more. (Information supplied by the Abbé Seyssens, Secretary of the "Committee for the Protection of Belgian Workmen Employed in France")

MISCELLANEOUS

ITALY.

I. CURRENT QUESTIONS.

Some Demographic and Economic Information on Italy in the Last Fifty Years.

Sources :

Discorso pronunziato da S. E. l'on. Francesco Nitti, ministro di agricoltura, industria e commercio, in occasione dell'inaugurazione dell'Esposizione internazionale dell'industria e del lavoro in Torino il giorno 29 aprile 1911, coi dati demografici ed economici annessi (*Speech delivered by His Excellency, the Honorable Francesco Nitti, Minister of Agriculture, Industry and Commerce, at the Opening of the International Exhibition of Industry and Labour at Turin, 29th. April, 1911, with Demographic and Economic Data*), Published by the Agricultural Department. Rome, National Printing Press. G. Berfero and Co. 1911.

At the opening of the International Exhibition of Industry and Labour at Turin, on the 29th. April, 1911, the Hon. Francesco Nitti, Minister of Agriculture, Industry and Commerce, succinctly summarised the progress of the national economy during the last fifty years. We think our readers will be pleased to find here reproduced a few of the data supplied by him and recently published by the Department. Let us begin with those of demographic character.

§ 1. *Population, Emigration and Professions.*

In 1862 the population of Italy was 25,016,801. At the beginning of 1910 we see from the estimate of the General Management of Statistics that it had reached 34,565,806. The data from 1862 to the end of last

year show that the population has increased by 36 % or about two million every ten years, as appears from the following figures :

Years

| | | |
|-----------------|------------------------|------------|
| 1862 | Estimate of Population | 25,016,801 |
| 1872 | " " " | 26,801,154 |
| 1882 | " " " | 28,459,628 |
| 1901 | " " " | 32,475,253 |
| 1909 | " " " | 34,417,831 |
| 1910(1st. Jan.) | " " " | 34,565,806 |

At the same time the number of the groups of inhabitants of average importance has considerably increased. In fact the communes with between 20,000 and 50,000 inhabitants, which were 67 in 1861, increased to 81 in 1871, to 96 in 1881, to 113 in 1901, etc.

This increase was not altogether due to births, for the decreased deathrate has also to be taken into account, as it fell from 30.8 per thousand inhabitants in 1872 to 21.5 per thousand in 1909.

But, the national production, above all in the first forty years, was not in relation to the increase of population, so that a constantly larger number of persons was forced to emigrate.

In the emigration movement between 1876 and 1910 four periods may be distinguished. In the period between 1876 and 1885 the total emigration varied between a minimum of 90,000 and a maximum of 160,000. The emigration to European countries or to those of the Mediterranean Basin remained stationary, whilst that across the Ocean rapidly increased. In the second period, from 1886 to 1894, we observe, on the contrary, that emigration to European countries and to those of the Mediterranean Basin predominate. Altogether the emigration fluctuated about an average of 250,000. In the third period, up to 1900, the preponderance of transoceanic emigration definitely appears, and the total emigration attains the figure of 352,000 persons. In the last period emigration assumed extraordinary proportions. In 1906, 787,977 persons went abroad. This increase is largely due to transoceanic emigration which doubled itself between 1905 and 1910. But the emigration movement to other European countries and across the Mediterranean is generally more regular.

With respect to the distribution of the population among the various professions, the most reliable data are those provided by the census returns of 1881 and 1901. Examining them attentively, we see that in the space of twenty years, that is during the interval elapsing between these two dates, there has been an increase in the number of persons employed in agricultural, mining and chemical industries, wood, paper, leather, clothing

manufacture, sale of goods and produce, credit and insurance business, etc. There was, on the other hand, a decrease in the number of persons engaged in building, in textile industries, domestic service, religious work, as well as of those assisted by public or private charity and those living on their incomes.

§ 2. *Agricultural Production.*

In 1863, according to the Statistical Yearbook (1) the total area of Italy was 29,551,773 hectares distributed as follows among the various classes of cultivation :

| | Hectares |
|---|------------|
| Cultivable lands, with or without vineyards | 11,541,422 |
| Natural and artificial meadows | 1,208,381 |
| Rice fields | 144,907 |
| Olive yards | 583,268 |
| Chestnut groves | 595,832 |
| Woods | 4,434,569 |
| Pasture lands | 5,559,588 |
| Pools, valleys, and marshes | 1,170,882 |
| Uncultivated land | 2,885,345 |

To-day (2), according to the agricultural cadastre recently instituted at the Agricultural Department, the area devoted to agricultural and forestry production is distributed as follows :

| | Hectares. |
|--|------------|
| Land for seed plants, properly so-called | 7,046,000 |
| Land for seed plants including trees | 6,639,000 |
| Special cultivation of wood | 1,508,000 |
| Forests, including chestnut woods | 4,564,000 |
| Permanent meadows and pasture lands | 5,580,000 |
| Uncultivated productive land | 1,035,000 |
| Total | 26,372,000 |

(1) *Annuario statistico italiano*, edited by CESARE CORRENTI and PIETRO MAESTRI, 2nd Year, 1864, Turin, Literary Press. 1864.

(2) For the present conditions of Italian Agriculture, see: the Monograph by Prof. GHINO VALENTI: *L'Italia agricola dal 1861 al 1911*, published under the auspices of the Royal Academy dei Lincei, Rome, Press of the Academy dei Lincei, 1911.

Altogether 263,716.07 sq. kms.

| | |
|---|--------------------|
| Area occupied by buildings, watercourses, roads, railways and tramways, and naturally barren land | 22,966.15 sq. kms. |
| Total area of the kingdom | 286,682.22 „ „ |

Although the data given in the two foregoing classifications of cultivation scarcely admit of comparison with each other, it is, however, interesting to note that the uncultivated land only appears now as a million of hectares, instead of three millions as before. We see also that the area of the meadows has increased from 1,208,381 hectares to about 5 $\frac{1}{2}$ million hectares.

In addition to this and yet other progress, the amount of production, which appeared as 2,885,000,000 francs in 1863, amounted, according to a calculation made by the Statistical Office of the Agricultural Department, in 1911, to about 7 milliards of francs.

So much said, let us now give some details as to certain agricultural produce.

(a) *Wheat*. — The wheat production of Italy increased 6 % from 1870 to 1910. This increase is partly due to the extension of the cultivation of wheat in new zones, and partly to the increased average yield per hectare. In 1870, in fact, the area cultivated in wheat was 4,737,000 hectares and the average yield per hectare was 10.75 hectolitres. In 1911 according to calculations made by the Statistical Office of the Agricultural Department, the area cultivated in wheat amounted to 4,752,000 hectares, and the average yield per hectare had risen to 14.08 hectolitres.

Yet the increased production was not sufficient for the requirements of the population which had increased in larger proportion. Thus, Italy has to resort largely to importation, and, in fact, in 1910, it imported from abroad 12,337,000 hectolitres of wheat.

(b) *Maize*. — The area cultivated in maize, which was 1,717,000 ha. in 1870, was only 1,510,000 ha. in 1910. As the production had not increased in proportion to the increased consumption, recourse had to be had to importation and 400,227 tons of this produce were imported.

(c) *Rice*. — Between 1870 and 1910 a great reduction is observable in the area cultivated in this cereal, and a quite remarkable increase in the average yield per hectare. In fact, the 232,000 ha. cultivated in rice in 1870 have been gradually reduced to 145,000 ha. in 1911, whilst the annual yield per hectare has increased from 42.22 hl. to 53.11 hl. As the amount of rice produced exceeds the requirements of the consumers in the country, a large quantity is exported. In 1910 852,000 hl. were exported.

(d) *Hemp and Flax*. — In 1863 the production of hemp in Italy was estimated at about 635,000 quintals. This production increased

from 1870 to 1874 to 965,000 quintals. Then, it seems there was a tendency to decrease. In 1910, the yield was 868,000 quintals, of which 530,340 were exported.

The flax production was calculated in 1863 at 135,000 quintals. During the next decade it was about 200,000 quintals per year and it remained at that figure until 1891. But in 1909-1910, the yield fell to no more than 32,000 quintals. This corresponded with the decreased area used for this crop. From 50,000 hectares in the period 1870-1894 it was in fact reduced to 9,000 hectares in both 1909 and 1910.

(e) *Wine and Oil*. — In the first attempt at an agricultural statistical return made there was no special division for the area cultivated in vines. It was at that time included in the category of cultivable lands, with or without vineyards, which, as we saw, in the whole of Italy, covered 11,541,522 hectares. The wine production at that date was calculated at 24,002,657 hectolitres. At present, the area cultivated in vines is 4,463,000 hectares. In 1909 the yield of grapes was 96,112,000 quintals and in 1910 46,747,000. Mixed cultivation extends to 3,552,000 hectares with an average yield of 14.6 quintals per hectare in 1909 and 7.1 quintals in 1910. Specialised cultivation covers 911,000 hectares with a yield of 48.2 quintals per hectare in 1909 and 23.6 in 1910. It is presumed that the production of wine in 1910 was about 48 million hectolitres.

In 1864, 583,268 hectares were cultivated in olives in Italy, the total yield of oil from which was 1,775,226 hectolitres. According to the new agricultural cadastre, of which we spoke above, specialised olive cultivation extends to-day over 581,000 hectares, the normal yield of which is 10,126,000 quintals. Mixed cultivation extends over 1,751,000 hectares and produces normally 10,438,000 quintals. However, in 1909, the yield was no more than 7,963,000 quintals. In 1910 the yield was 4,821,000 quintals for specialised cultivation, and 4,545,000 quintals for mixed cultivation, yielding 1,384,580 hectolitres as compared with 2,559,200 hectolitres in 1909. The yield for these two last years is far below the average for various reasons, amongst which must be mentioned diseases and above all the *mosca olearia*.

§ 3. *Mineral Produce.*

In 1910 the Royal Mining Corps calculated the mineral yield of Italy at more than 80 million francs. The minerals produced in quantities of a million or more francs are : iron ore, 7.6 millions ; copper ore, 1 million ; zinc, 14.8 millions ; mercury, 3.7 millions ; iron pyrites, 2.3 millions ; coal, 4.9 millions ; sulphur, 32.4 millions ; raw petroleum, 1.4 million ; asphaltic and bituminous rocks, 2.3 millions.

The quantities of sulphur, iron, lead and zinc and the value represented by them have considerably increased from 1860 to 1910.

§ 4. — *Manufactures.*

During the period with which we are dealing the progress of manufactures is worthy of comparison with that of agriculture. Some manufactures of recent growth, rapidly attained considerable development and by the side of these new ones also have been created. This progress is due to various causes. One of the most characteristic is the importation of coal, still to-day so necessary for manufactures. The import in 1910 was twenty times what it was in 1862. Another important cause is to be found in the motor forces employed in Italy. Here also we find an extraordinary multiplication of forces, for the most part applied to manufacture. To give an idea, we reproduce a small table showing the motor force of all kinds, employed on the 1st. January, 1899 and 1st. January, 1904, according to the various uses to which it was applied.

| Use to which the force was applied | Horse power in round Numbers | |
|---|---------------------------------|----------------------|
| | 1st January, 1899 | 1st January, 1904 |
| Agricultural Industry. | 95,000 | 165,000 |
| Manufacturing. „ | 335,000 | 980,000 |
| Transport: | | |
| Land Transport and Lake Navigation . | 300,000 | 1,495,000 |
| Sea Transport, Maritime Industry and Trade | 250,000 | 345,000 |
| War Office and Admiralty Workshops . . | 20,000 | 15,000 |
| Total | 1,000,000 | 3,000,000 |

Amongst the motor forces employed we must specially mention electrical energy, in recent years placed at the service of industry. Although coming after the other nations, Italy has made great progress in this direction, since she has begun to utilise her abundant hydraulic force. In fact, in 1908 there were only 2,286 electric installations, with altogether a power of 86,570 kilowatts; at the end of 1910 there were about 7,000 producing altogether more than 600,000 kilowatts, or 800,000 horse power, a number which shows an increase of almost 8 to 1.

As to the employment of electrical energy we must observe that in 1895 102,469,000 kilowatt hours were consumed, whilst in 1900 this figure

increased to 267,713,000, to reach 738,286,000 in 1905 and 1,312,688,000 in 1910.

In addition, at the end of 1900 there were 66 national societies limited by shares, for production, transport and distribution of electrical energy with a total capital of 94 millions. At the end of 1910 there were 206 with a capital of 422 millions.

So much said in general, we shall now give some particulars as to some of these industries.

(a) *Chemical Products.* The chemical products of special importance for us are the superphosphates and other manures, the increasing production of which is a sure indication of the progress of agriculture. They have increased, in fact, from 720,950 quintals produced in 1893 to 2,286,900 produced in 1898, 5,123,484 in 1905, 9,366,259 in 1909 and 10,502,245 in 1910.

(b) *Silk Industry.* This is one of the most ancient of Italian industries, and, in spite of all the vicissitudes through which it has had to pass, it has yet managed to progress. The cocoon production has increased from 40 to 60 million kilogrammes. Spinning, milling and weaving have also developed to the degree that to-day in Italy 75 million kilogrammes of cocoons are treated every year, the average yearly value being about 250 million francs. We must naturally also take into account the data for the import of cocoons. The figures were 3,831 quintals in 1871, 11,945 in 1881, 34,542 in 1901 and 43,836 in 1910. The export is far inferior to the import.

(c) *Tanning Industry.* This is a very ancient industry in Italy, where it has good traditions and finds conditions favourable to its development. But the home production of skins is insufficient to support it. So it is constrained to import large quantities from abroad. For the years between 1876 and 1903 we have the following data :

| | 1876 | 1903 |
|--|-------------|--------|
| Number of Tanneries | 1,316 | 1,171 |
| | Horse power | |
| Steam factories | 259 | 2,716 |
| Hydraulic „ | 642 | 1,905 |
| Gas, Petroleum, etc. factories | — | 120 |
| Electric factories | — | 96 |
| Workmen | 10,734 | 14,137 |

The most important tanning centres are : Turin, Genoa and Milan which also do the largest export.

(d) *Glass Industry*. As is well known, the most ancient centre of this industry was Venice, whence it spread to various countries of Europe, especially to France and Bohemia. There are to-day in Italy 80 glass works employing 10,911 workmen. The majority are in Tuscany (18), Venetia (15), Campania (15) and Lombardy (10). The 80 factories have 208 motors. We must remark that this industry is generally carried on by small societies, but we must not forget that there are also important limited liability societies, such as the *Cristallerie e Vetriere riunite* of Milan with 6 millions capital and the *Società Veneziana* with 4½ millions.

(e) *Ceramic Industry*. This is another artistic industry, which passed from Italy into various countries of Europe. According to the Statistical Yearbook for 1878, this industry produced 10,000 francs and employed 7,000 workmen. From a recent enquiry it appears, there are now 259 factories of majolica, terra cotta and porcelain, using 240 horse power and employing 5,398 workmen. The largest number are found in the Marche, that region alone having 75. With regard to the trade in porcelain, we must say that in 1910 the import was 37,750 quintals and the export 4,116 quintals.

§ 5. *Savings.*

To determine the amount of savings which provides, as we know, one of the most significant indications of the economic progress of a nation, becomes constantly more difficult, owing to the multiplicity of forms economy assumes. However, the most common is, doubtless, that which is concentrated in the Savings Banks. A statistical return made by the Agricultural Department in 1863 gave their number as 154. The number of savings bank books was 284,003 representing 188,629,594 francs.

In 1870 the ordinary savings banks had already 348 millions.

According to another return of 1909 the number of banks was only 185, but the deposits appeared as 2,323,600,000 francs.

In 1875 the postal savings banks were formed. They also developed rapidly.

The total amount of deposits in the ordinary and postal savings banks, and in the ordinary credit and co-operative societies was 465,359,328 frs. in 1872 and rose in 1880 to 910,155,858 frs., in 1890 to 1,792,370,747 frs., in 1902 to 2,819,157,798 frs., to reach 4,702,065,326 frs. on the 31st. December, 1908.

We must not pass over without mention, other institutes, besides the above, for example, certain agricultural credit societies, pawn institutes, and rural loan banks, which also receive savings deposits, but we have no really complete information regarding them. Let it suffice to say that the savings

deposits on the 30th. November, 1910 in the agricultural credit institutes constituted as societies limited by shares amounted to 8,028,897 frs. Those in the pawn institutes on the 31st. December, 1908, appeared as 9,850,742 frs. Finally, in the rural loan banks, the fiduciary deposits, on the 30th. June, 1910 amounted to 50,087,705 frs., but we do not know how much of this represented savings deposits.

Even while we omit further data, for want of space, what we have given is enough to show that on this side the economic development of Italy has been really remarkable.

§ 6. *Means of Communication and Post and Telegraph Services.*

It is also interesting to consider the progress made in the means of communication, which play so important a part in the economic development of a country. To begin with the State, Provincial and Communal roads, we must mention that in 1860 there was a network of 48,028 kilometres, which increased to 138,096 kilometres in 1904, which represents about half a kilometer per square kilometre and more than 4 kilometres per 1,000 inhabitants.

With regard to railways, we must first of all state that in 1861 there were 2,189 kilometres of railways working. They produced about 70 millions. In 1865 the system included 4,376 kilometres. Since then there has been a continual increase to 10,526 kms. in 1885, 15,479 in 1895, 15,884 in 1900, 16,502 in 1905 and 18,413 in 1910.

Finally we have yet another sign of the commercial activity of Italy in its post and telegraph services. In 1862 they caused the State a loss of 10 millions. Since then they have been less and less of a burden. In 1907 they gave a profit of 3 millions. This has increased, little by little, to about 6 millions in 1910, including the profits from the telephones.

The postal, telegraph and telephone revenue in 1861 was, in round numbers, somewhat more than 15 millions. For the financial year 1909-1910 it was 140,256,974 francs and the expenditure has increased from 17 millions to 134,494,000 frs.

II. BIBLIOGRAPHY.

Publications of Recent Date relating to Agricultural Economy in General.

(a) Official Publications :

Atti della Commissione per lo studio della produzione e del commercio delle lane in Italia. Vol. I. Ministero di Agricoltura, Industria e Commercio (*Proceedings of the Commission for the Study of the Italian Wool Production and Trade*) Vol. I. Department of Agriculture, Industry and Commerce, Rome, Stab. Civelli, 1911.

Cenni sulla formazione del nuovo catasto italiano : leggi 1^o marzo 1886, n. 3682; 21 gennaio 1897, n. 23, e 7 luglio 1901, no. 321. Ministero delle Finanze. Direzione generale del Catasto (*Indications on the Formation of the New Italian Cadastre; Laws of 1st. March, 1886, no. 3,682 ; 21st. January, 1897, no. 23; and 7th. July, 1901, no. 321. Department of Finance. General Management of the Cadastre*). Typ. G. Bertero, Rome, 1911.

Relazione della Commissione censuaria provinciale sulle operazioni del nuovo catasto eseguite in base alla legge 1^o marzo 1886, n. 3682 e successive pel riordinamento dell'imposta fondiaria. Provincia di Cuneo. (*Report of the Provincial Commission of the Land Tax, on the Work of the new Cadastre, carried out in conformity with the Law of 1st. March, 1886, no. 3,682 and the other more recent Laws for the Reorganization of the Land Tax. Province of Cuneo*). Turin. Società tipografico-editrice nazionale, 1911 (pp. VI- 2,543).

Relazione della Commissione reale per gli studi e proposte relative ad opere di irrigazione (*Report of the Royal Commission for Studies and Proposals in connection with Works of Irrigation*) Typ. G. Becherioni, Rome, 1911.

(b) Other Publications:

BRAMBILLA (Prof. G.): La lotta sociale contro la malaria: programma d'azione (*The Social Struggle against Malaria : Programme of Action*). A. Koschitz, Milan, 1911.

CAPPONI (A): Statistica dell'apicoltura (*Bee Keeping Statistics*)' Tipografia economica, Ancona, 1911.

CARLINI (C) : Legislazione apistica : progetto di legge sull'apicoltura. (*Bee-Keeping Legislation: Bill on Bee-Keeping*). Tipografia economica, Ancona, 1911.

CAROGLIO (D. G.): L'apicoltura nell'economia sociale (*Beekeeping in the Social Economy*), in the Review " Agricoltura ". Parma, 1911.

- CERASA (GIUSEPPE): L'agro tuscanese e i diritti civici. Vol. 1: I pascoli (*The "Agro Tuscanese" and Civic Rights. Vol. I. Pasture-Lands*). Typ. Agnesotti, Viterbo, 1911.
- CHIEI-GAMACCHIO (G.) and D. BONACINI: Indirizzo agrario e zootecnico di fronte alla crisi della carne (*Direction to be given to Agriculture and Livestock Improvement in View of the Crisis in Meat*) in the "Bollettino della Società degli Agricoltori Italiani", no. 20. 31st. October, 1911. Rome.
- COLLI (GIACINTO): L'inchiesta serica e il progetto di legge n. 705 (*The Enquiry into Sericulture and the Bill no. 705*). "La Stampa Commerciale", Milan, 1911.
- CORBELLINI (UGO), Engineer: Di un nuovo metodo per determinare i vantaggi di talune permutate fra appezzamenti rurali (*A new Method of determining the Advantages of Certain Changes in the Subdivision of Rural Land*). Società ed. Tecnica Scientifica, Milan, 1911.
- DALMASSO (GIOVANNI): Il Piemonte agricolo (*Agricultural Piedmont*) in the "Giornale di Agricoltura della Domenica", no. 33. Piacenza, 1911.
- DALMASSO (E. L.): La scuola popolare e l'agricoltura (*The Popular School and Agriculture*) G. Derossi, Turin, 1911.
- DEL GIUDICE (DR. COSTANTINO): L'Apicoltura nel circondario di Napoli (*Beekeeping in the Naples District*) in the "Rivista agraria" no. 38, Naples, 1911.
- FAVA (DR. EMILIO): La Crisi della Carne. Provvedimenti (*The Crisis in Meat. Measures*). G. U. Cassone, Turin, 1911.
- FERRARI (DR. EGIDIO): I boschi ed i pascoli in Italia, attraverso la Storia della Civiltà, la scienza sperimentale ed economico-sociale (*Italian Forests and Pasture Lands, in the History of Civilization and Experimental, Economic and Social Science*). Iagonegro. Tipografia Zurana, 1911.
- GIUSSO (HON. G.): Studi e proposte relative ad opere d'irrigazione (*Studies and Proposals in connection with Irrigation Works*).
- LA FAUCI (P.): La rigenerazione agraria e forestale della Sicilia (*Regeneration of Sicilian Agriculture and Forests*) Tipografia Lugaro, Palermo, 1911.
- MANVILLI (DR. VENANZIO): Sulla determinazione della convenienza che havvi nel ritardare o anticipare un taglio in foresta (*On the Determination of the Advisability of Retarding or Advancing the Moment of Forest Cutting*). Società anonima arti-grafiche, Reggio Emilia, 1911.
- MANVILLI (DR. VENANZIO): Note sulla stima dei boschi (*Notes on Forest Valuation*) Società anonima arti grafiche, Reggio Emilia, 1911.
- MARCELLI (GIULIO): La questione agraria meridionale (*The Agricultural Problem of the South*) Scanzano, Tip degli Olmi, 1911.
- MARIANI (DR. GIOVANNI): Teoria e pratica delle stime fondiari (*Theory and Practice of Land Valuation*). L. Cappelli, Rocca San Casciano, 1911.
- NEPPI MODONA (Prof. L.): Il bene di famiglia inalienabile e la protezione della piccola proprietà rustica nella legislazione straniera e italiana (*Undistrainable Homestead and the Protection of Peasant Property in Foreign and Italian Legislation*) B. Seeber, Florence, 1911.
- NOVELLI (Prof. N.): I più vitali problemi della risicoltura nel momento attuale (*The Most Vital Problems of Rice Culture at the Present Moment*) in the "Bollettino della Società degli agricoltori Italiani", no. 20. 31st. October, 1911. Rome.
- PES DI VILLAMARINA (ENRICO): Della nostra legislazione civile in rapporto alle società operaie (*Our Civil Legislation in relation to Workmen's Societies*). Baravalle e Falconieri. Turin, 1911.

- PINOLINI (DOMENICO): La Provincia di Macerata. Colture e prodotti; notizie statistiche (*The Province of Macerata. Agriculture and Produce. Statistical Information*). P. Giorgetti, Macerata, 1911.
- PODESTÀ (DARIO): Gli orti considerati dal punto di vista economico ed estimativo (*Kitchen Gardens considered from the Economic Point of View and that of their Valuation*). V. Piccardo, Albenga, 1910.
- SALVADORI (FERDINANDO): La nuova legge forestale che modificherà quella del 20 giugno 1877, n. 3917, con appendice dei nuovi articoli proposti (*The New Forestry Law, Amending that of 20th. June, 1877, no. 3,917, with, as Appendix, the Newly Proposed Articles*) Donati, Parma, 1911.
- ZANNONI (Prof. I.): Migrazione interne ed uffici di mediazione del lavoro (*Internal Migrations and Labour Bureaux*) in the "Bollettino della Società degli Agricoltori Italiani", no. 20, 31st. October, 1911. Rome.
- ZECCHINI (Prof. M.): Questioni enologiche di attualità (*Current Questions of Wine Making*) in the "Bollettino della Società degli Agricoltori Italiani", no. 20, 31st. October, 1911. Rome.
- VITA (E): Colonizzazione interna (*Home Settlements*) Società ed. libraria, Milan, 1911.
- L'opera della Società Umanitaria dalla sua fondazione ad oggi (*The Work of the Humanitarian Society from its Foundation to the Present Moment*, 1st. May, 1911) Tipografia degli operai, Milan, 1911.

MISCELLANEOUS

SWEDEN *

I. — CURRENT QUESTIONS.

The Condition of the Agricultural Workmen.

Sources :

(a) Official Publications :

Bidrag till Sveriges officiella Statistik. (A) Befolkningsstatistik. Statistiske Centralbyråns underdåniga berättelse för år 1908. (*Official Statistics of Sweden. (A) Statistics of the Population*). Stockholm, 1910.

Bidrag till Sveriges officiella Statistik. (N) Jordbruk och boskapsskötsel. Hushållningssällskapens berättelser för år 1909, jämte sammandrag utarbetadt af statistiska centralbyrån (*Official Statistics of Sweden. (N) Agriculture and Livestock Improvement*). Stockholm, 1911.

NILS WOHLIN: Torpare-, backstugu- och inhysesklasserna. Emigrationsutredningen, Bilaga XI. (*The Base Tenant, Cottager, and Temporarily Lodged Labourer Classes*). Stockholm, 1908.

Betänkande angående torpareklassens tillbakagång afgifvet 6 maj 1911 utaf de af chefen för jordbruks-departementet tillkallade sakkunnige: G. RIBBING, E. J. CEDERWALL, NILS WOHLIN (*Decrease of the Base Tenant Class. Report of the Experts of the Agricultural Department*). Stockholm, 1911.

Utländska jordbruksarbetare i Sverige år 1907. Kungl. Kommerskollegii Arbetsstatistik A : 8. (*Foreign Agricultural Labourers in Sweden in 1907*). Stockholm, 1909.

Utredning och förslag angående landtarbetarstatistik. Kungl. Kommerskollegii utlåtanden 2. (*Report and Proposals on the Statistics of the Agricultural Labourers*). Stockholm, 1910.

(b) Other Publications :

NILS WOHLIN: Den jordbruksidkande befolkningen i Sverige 1751-1900. Statistisk-demografisk studie på grundval af de svenska yrkesräkningarne (*The Agricultural Population in Sweden 1750-1900. Statistical-Demographical Study, Based on the Swedish Census Reports*). Stockholm, 1910.

(*) Forwarded from Stockholm by our official Swedish Correspondent.

§ 1. *Farmers and Agricultural Labourers.*

The Swedish agricultural population, as modified in the course of centuries may be classified as follows :

(A) *The peasants*, including the minute fraction of the nobility occupied in agriculture, form really the farmer class ;

(B) The “ *base tenants* ” (*jordtorpare*), that is to say tenant farmers whose rent consists in a fixed number of days’ labour for the proprietor ;

(C) The “ *backstugusittare* ” (cottagers), that is to say, occupiers of the smallest lots of land, who, in general, are not bound to a fixed number of days’ labour for the proprietor ;

(D) The “ *inhysesjon*,” that is to say, persons of the peasant and “ *base tenant* ” classes, who work for the proprietor without contract.

(E) The labourers “ *at mixed wages* ” (*statare*) and the “ *base tenants on wages* ” (*stattorpare*), that is to say, generally, married servants, not boarded by the master, but who, like the other servants, work for him in return for lodging and a yearly wage in kind (*stat*) or in money or in kind and money.

(F) *The men and maid servants* (*drängar and pigor*) or unmarried servants on contract living with the master and boarded by him.

(G) *The free day labourers* (*lösa daglönare*), or agricultural labourers not included in classes (C) and (D) and who do not serve the same master exclusively.

The Swedish professional census and the statistics of population furnish information on the composition of the agricultural population, for short periods.

In Table I below, the classes of men and maid servants, labourers on mixed wages and “ *base tenants* ” on wages have been classed with that of the day labourers, under the generic title of Servants.

TABLE I. — *Composition of the Agricultural Population in Sweden in the periods 1775-1800 and 1870-1900.*

| Years | (A) Peasants | (B) Base Tenants | (C) (D) "Back- stugusittare," and "inhyses- shjon," | (E) (F) (G) Servants | (H) Total Agricultural Population | A as % of H | B as % of H | C.D as % of H | E.F.G as % of H |
|---------------------------|-----------------|------------------------|--|-------------------------|--|-------------------|-------------------|---------------------|-----------------------|
| 1775 | 1,052,725 | 182,302 | 98,948 | 266,577 | 1,601,552 | 65.7 | 11.4 | 6.2 | 16.7 |
| 1780 | 1,079,644 | 165,556 | 106,000 | 274,100 | 1,625,300 | 66.4 | 10.2 | 6.5 | 16.9 |
| 1785 | 1,051,025 | 173,845 | 129,923 | 266,679 | 1,615,472 | 65.0 | 18.8 | 7.7 | 16.5 |
| 1790 | 1,067,538 | 208,960 | 160,657 | 253,722 | 1,691,877 | 63.1 | 12.4 | 9.5 | 15.0 |
| 1795 | 1,082,862 | 238,569 | 174,412 | 283,245 | 1,779,088 | 60.9 | 13.4 | 9.8 | 15.9 |
| 1800 | 1,102,120 | 261,727 | 197,116 | 277,184 | 1,838,147 | 60.0 | 14.2 | 10.7 | 15.1 |
| Average in 1775-1800 . | 1,072,652 | 205,327 | 143,509 | 207,418 | 1,691,906 | 63.4 | 12.1 | 8.5 | 16.0 |
| 1870 | 1,395,543 | 436,486 | 482,261 | 369,459 | 2,683,749 | 52.0 | 16.2 | 18.0 | 13.8 |
| 1880 | 1,465,763 | 432,555 | 401,516 | 360,996 | 2,660,820 | 55.1 | 16.2 | 15.1 | 13.6 |
| 1890 | 1,479,520 | 382,244 | 336,523 | 479,284 | 2,677,580 | 52.2 | 14.3 | 12.6 | 17.9 |
| 1900 | 1,482,415 | 340,898 | 283,533 | 466,000 | 2,572,846 | 57.6 | 13.3 | 11.0 | 18.1 |
| Average in 1870-1900 . | 1,455,810 | 398,046 | 375,958 | 418,935 | 2,648,749 | 55.0 | 15.0 | 14.2 | 15.8 |

In the period 1775-1800, the peasants formed on an average 63.4 % of the agricultural population, the "base tenants" 12.1 %, the "backstugusittare" and "inhysesshjon" 8.5 % and the servants 16 %. From that date the classes of "base tenants" and "backstugusittare" and "inhysesshjon" began to increase at the expense of the peasant class, and this movement continued well into the nineteenth century, to such a degree that during the period 1870-1900, the average number of peasants was no more than 55 % of the farming population, whilst the "base tenants" were 15 %, the "backstugusittare" and "inhysesshjon," 14.2 % and the servant class, almost stationary, 15.8 %.

But about 1860, there had begun a reaction clearly to be seen from a comparison of the figures of the beginning and end of the latter period. Indeed, from 1870 to 1900, the class of peasants, that is to say the class of farmers properly so-called, rose from 52 % to 57 %, and the agricultural labouring

class, taken altogether, showed a decrease, so pronounced in the case of the "base tenants," the "backstugusittare" and the "inhyeshjon," as to counterbalance the increase in the servant class, taking place at the same time. It must be borne in mind that the figures for the servant class in the period 1870-1900 not only include men and maid servants, but also day labourers and free labourers; it is to this last group that the increase in the servant class must be assigned, for it cannot be believed that the fraction of the agricultural population composed of men and maid servants has largely increased during this period.

The principal cause of the variation in the Swedish agricultural population in recent years has been the depopulation of the country districts, due to manufactures and emigration, depopulation first declaring itself about 1860. This movement appears in the following tables II and III, which show, the one, the proportion of the population deriving its resources directly or indirectly from agriculture and its dependent industries and the other, the average net emigration per 1,000 inhabitants.

TABLE II. *Agricultural Population in Proportion to the Total Population.*

| Years | (A) Agricultural and Dependent Industries | (B) Total Population | A as % of B |
|----------------|---|----------------------------|----------------|
| 1870 | 2,995,844 | 4,168,525 | 71.87 |
| 1880 | 3,078,274 | 4,565,668 | 67.42 |
| 1890 | 2,914,984 | 4,784,981 | 60.92 |
| 1900 | 2,756,704 | 5,136,441 | 53.67 |
| 1908 | 2,667,000 | 5,430,000 | 49.12 |

TABLE III. *Net Amount of Annual Emigration.*

| Year | Net Amount | Per Thousand |
|---------------------|---------------|-----------------|
| 1871-1880 | 12,069 | 2.77 |
| 1881-1890 | 32,880 | 7.03 |
| 1891-1900 | 16,796 | 3.15 |
| 1898-1907 | 16,398 | 3.15 |

The rural class which, during the period 1751-1840, formed a nearly constant fraction of the Swedish population, or 80 % in round numbers,

is no longer to-day even the half of the total population. Manufactures, together with emigration on a large scale, have so appreciable an action that the agricultural class which formerly constantly increased, has remained stationary since 1860. It has even decreased numerically since then, and this decrease has been in certain rural sub-classes.

Whilst the number of farm labourers diminished, the demand for paid labour increased, causing a constant rise in farm labourers' wages. Statistics give an idea of this evolution (see Table IV), with data as to the wages of men and women servants, labourers on "mixed wage" and day labourers.

TABLE IV. *Wages of the Various Classes of Agricultural Labourers.*

| Years | Annual Ordinary Wage of Servants Lodged and Boarded by the Master | | Annual Wage of Labourers on "Mixed Wage" Amount of Wages, partly in Kind and partly in Money | | Daily Wage in Summer | | Daily Wage in Winter | |
|---------------------|---|--------|--|--------|----------------------|--------|----------------------|--------|
| | Men | Women | Men | Women | Men | Women | Men | Women |
| | Crowns | Crowns | Crowns | Crowns | Crowns | Crowns | Crowns | Crowns |
| 1871-1875 | 154 | 61 | 375 | 214 | 1.82 | 0.86 | 1.20 | 0.60 |
| 1876-1880 | 153 | 64 | 378 | 221 | 1.62 | 0.83 | 1.10 | 0.58 |
| 1881-1885 | 153 | 66 | 366 | 213 | 1.55 | 0.83 | 1.04 | 0.57 |
| 1886-1890 | 149 | 69 | 366 | 209 | 1.58 | 0.91 | 1.04 | 0.61 |
| 1891-1895 | 173 | 84 | 404 | 225 | 1.78 | 1.02 | 1.21 | 0.71 |
| 1896-1900 | 205 | 103 | 456 | 253 | 2.05 | 1.15 | 1.42 | 0.81 |
| 1902-1905 | 233 | 123 | 507 | 286 | 2.21 | 1.30 | 1.54 | 0.93 |
| 1908 | 283 | 164 | 621 | 352 | 2.62 | 1.53 | 1.88 | 1.12 |
| 1909 | 287 | 168 | 626 | 360 | 2.66 | 1.57 | 1.89 | 1.15 |

This very long period of constant rise in wages still continues. It began in 1888, that is to say, twenty three years ago. The wages of men and maid servants, of labourers "on mixed wages" and day labourers are now $1\frac{1}{2}$ times or twice what they were at the beginning of the period, and, little by little, this increase has also made itself felt among the other classes of farm labourers.

§ 2. "*Backstugusittare*" and "*Inhysesshjon*."

It is with some reserve that the "*Backstugusittare*" and "*Inhysesshjon*" are to be included among the farm labourers. They form the lowest rural class and the least valuable element, on account of the advanced age, laziness or low morality, which have characterized the members of the class as a whole in recent centuries. It must be also observed that very often the "*backstugusittare*" have begun as labourers. Smetimes also, in the older industrial regions, they had been engaged in labour in connection with the iron works (charcoal burners or wood cutters), much more than in agriculture properly so-called.

The large increase of these two classes is not in the first place due to the desire of the farmers to get free labourers but rather to the pressure of the large increase of the population.

In the course of centuries the cottagers and "*inhysesshjon*" (temporarily lodged labourers), were recruited in part from among discharged soldiers, old men, peasants, base tenants, old sailors, etc., for these unfortunately the cottages rather served as asylums in addition to those of public charity.

However, the principal members of the "*backstugusittare*" and "*inhysesshjon*" classes were young persons, principally of the servant class. To men and women servants desirous of marrying the proprietor would give a small piece of land, where they might have a cottage and a potato field, or cabbage garden, either because the land was of little benefit to him, or, especially in more recent years, so as to have additional hands available in case of need. It was, we may say, a spontaneous home settlement, due to the desire for "*homesteads*," natural to the Swedish peasant.

But if the person in this way indeed obtained a roof and a vegetable garden, generally there was very poor provision made for the necessities of his existence, for the position thus acquired scarcely furnished the advantages on which he had reckoned. Whilst the men and women servants and labourers on "*mixed wage*," that is to say servants engaged by contract, have their wages assured to them in good and bad years alike, whilst the "*base tenant*," is supported partly by his farm, and partly by the interest the owner has in giving work in bad seasons to him rather than to day labourers, the cottagers, for their part, form a class living almost entirely upon their earnings, which are besides very uncertain. Attached to the soil, the cottagers were formerly subject to the many risks of agriculture, which, on account of the undeveloped condition of Swedish manufactures lasting until 1850, was the resource of the needy. In prosperous seasons they managed to live, but when bad seasons returned, when the

peasants were obliged to reduce their expenses and other sources of profit were likewise wanting, the position of the "backstugusittare" became extremely precarious.

The cottagers took little part in the efforts made by the agricultural labourers to obtain social independence.

From the first half of the nineteenth century or since the desire of forming a "homestead" has manifested itself everywhere, the authorities and the committees have agreed in saying that early and imprudent marriages without any economic basis, have been the cause of these grants of minute *métairies*; that the aspiration after independence, urging men and maid servants to shake off the yoke of service has often led to disaster, as it was not accompanied by aptitude or knowledge, or the indispensable economic means; that often the desire to establish themselves has been so imperious, that the "backstugusittare" have accepted uncertain and unfavourable conditions from the landlords.

We have here a striking example of the errors into which the proletariat may be led, when their sense of moral and economic responsibility is defective. It seems, besides, indisputable that the multiplication of cottages, especially between 1820 and 1840, contributed to the increase of poverty in Sweden.

It has only in the older iron manufacturing districts, where it was possible to obtain higher and more certain remuneration, that the cottagers had somewhat better fortune. But it must be said that it was here less a case of agricultural settlement than of the formation of small homesteads by forest labourers and smiths.

In the second half of the nineteenth century, as Swedish manufacturers advanced, the peasants were attracted by the higher wages to be obtained in towns and manufacturing centres. In addition to the prospect of gain, they were also urged by the instability of their rights over their holdings and by the discomfort of their poor dwellings. After reaching the maximum about 1860, the "backstugusittare" and "inhysesshjon" classes, like the other rural classes, rapidly declined (see table I : C and D) in numbers; only leaving in the country the members least adapted for work.

We find among them, especially now, old men, infirm or nearly incapable of working and consequently unable to answer the requirements of agriculture. Only in a small number of localities where labour is scarce are the "cottagers" temporarily employed in field labour.

To sum up, it may be said that this reduction of the number of "backstugusittare" and "inhysesshjon" is not a social disadvantage. In certain cases, indeed, this element might have been useful when there was a deficiency of labour, but this eventual advantage was largely counterbalanced by all the drawbacks mentioned above.

§ 3. *Base Tenants.*

Like all the other elements of the Swedish rural population, the class of "base tenants" increased up to 1860, when it began to diminish. The statistics of population show the number of heads of families, which we classify in the following table:

TABLE V. *Heads of Families of the Base Tenant Class.*

| | |
|---------------------|--------|
| Year 1769 | 36,166 |
| „ 1780 | 41,380 |
| „ 1790 | 52,530 |
| „ 1800 | 64,644 |
| „ 1820 | 76,637 |
| „ 1830 | 86,114 |
| „ 1840 | 88,364 |
| „ 1850 | 96,810 |
| „ 1860 | 99,815 |
| „ 1870 | 95,388 |
| „ 1880 | 92,590 |
| „ 1890 | 81,888 |
| „ 1900 | 72,252 |

In the period 1860-1890, the number of small *métairies* decreased by about a quarter throughout the whole extent of the country, and, according to a special statistical enquiry into the number of small *métairies* in the districts in which they are common, that is to say in all Sweden except Norrland and Dalarlia, the same retrograde movement took place between 1900 and 1910.

TABLE VI. *Number of Small Metairies in Sweden, not including Norrland and Dalarlia, between 1900 and 1910.*

| Number of <i>Métairies</i> in 1900 | Number of <i>Métairies</i> in 1910 | <i>Métairies</i> Abandoned in 1910 | <i>Métairies</i> Suppressed since 1900 | <i>Métairies</i> Sold since 1900 | <i>Métairies</i> Abandoned and Sold in Proportion to the Total Number of <i>Métairies</i> in 1900 |
|------------------------------------|------------------------------------|------------------------------------|--|----------------------------------|---|
| 66,703 | 53,005 | 2,015 | 7,302 | 4,381 | 14.0 |

It is to be regretted that there may be included in these data a rather large number of concessions for 49 or 50 years, the buildings of which, representing a greater value than that of the land itself, are the property of the occupant and which it is usual to call *métairies*, although the tenant does not work for the proprietor or the number of days due to him is very much reduced.

The majority of the *métairies* in Sweden are in the hands of day labourers paying rent in labour. With the obligation of furnishing the master with a certain number of working days, they have the enjoyment of a small property, with dwelling house and certain other advantages, such as free firewood, free use of the draught cattle, hay and pasturage, etc. This kind of *métairie* is special, since the farm pays for itself in kind under the form of day labour. This quite special institution is for farm and forestry work a system from which the money factor is excluded, precisely where money is dear. The working days are one or more per week, according to the area of the *métairie*, and according to the special circumstances. 13.6 % of these *métairies* have now an area of at most half a hectare ; 24.4 % between $\frac{1}{2}$ and $1\frac{1}{2}$ hectare ; 23.3 % between $1\frac{1}{2}$ and 3 hectares ; 17.8 % between 3 and 5 hectares ; 10.7 % between 5 and $7\frac{1}{2}$ hectares ; and 10.2 % over $7\frac{1}{2}$ hectares. The majority are small *métairies*, without draught cattle, but the large *métairies*, falling especially within the two last groups, have not only cows but also horses, and the tenants get their base service done by the farm servants.

The class of "base tenants" originated in the eighteenth century. At that date the system of *métairies* extended rapidly in consequence of the increase of the population and of that aspiration after independence felt by the labouring classes as a whole during the period called, in Sweden: "the era of liberty." Further, as the rural properties included vast uncultivated tracts as well as forests, it was easy to multiply the *métairies*. On the other hand, the proprietor, who, according to the ordinary system of service, is obliged to board and feed through the whole year people whom he only requires at certain moments, may, by means of the system of "base tenants", execute the work early and economically ; he has, besides, the advantage of always being able to count on the days of service in kind, without being at the mercy of the fluctuations in wages in money. It is also to be observed that the "base tenants" provide a perpetual supply of workers, superior to the cottagers from the physical and moral, as well as from the economic, point of view. The advantages offered by the system of "base tenants," over that of servants boarded and lodged, have been more and more appreciated in proportion as the number of free labourers have diminished and their requirements increased.

Under these circumstances, it is especially interesting to study the causes of the decrease in number of the class of "base tenants", which

occurred later. As far back as 1830-1840, whilst this class of labourers as a whole was still increasing, its decrease on the large farms began to be observable. This development of rural economy was only due to the "base tenants" abandoning their class for that of the labourers on "mixed wage," and preponderated more and more on the large farms. *The first half* of the nineteenth century coincides with the *technical reorganization of Agriculture* in Sweden; characterized by the cultivation of natural meadows and the large extension of the cultivation of cereals. The need was generally felt for *uniting together all the various fractions* of one property. It often happened that the proprietors re-incorporated the *métairies* in their farms, so as to obtain a larger yield from the lands cultivated in grain. Finally, the farmers felt the necessity of disposing more freely of labour than they could in the case of "base tenants".

This principal cause of the decrease of *métairies* made itself felt again, especially in the districts given up to extensive culture of oats, in the course of the years that followed 1860. Again, a large number of *métairies* have been suppressed on the division of properties. But to these various reasons others of a complex nature must also be added, due to the depopulation of the country for the benefit of manufactures and emigration. We then see that the economic factors which have recently led to the reduction of the class of "base tenants," are just those that have generally led to the dislocation of agricultural populations. Special enquiries have confirmed this fact. According to the data obtained, and contrary to what was formerly observed *the disappearance of métairies* in recent years must be attributed to the "base tenants" themselves who allowed themselves to be seduced by the higher wages and additional resources offered in certain countries. As the saving of money began to occupy the minds of the peasants, the "base tenants" began to develop a gradual aversion from their base service.

The wages of the servants continually increasing, the larger "base tenants" felt more indisposed to pay men for performing their base service for the master. In consequence, the decrease was more appreciable among the large farmers than among the others. The attraction of the towns, of manufactures and of America, for the young generation of "base tenants" led to similar results.

The consequence was that the base service was often replaced by tenant farming at a rent in money. The farmer who saw wages increasing found it more advantageous for himself to change from payment in kind, by way of day labour, to farming for a rent in money, and the master was often obliged to give way to his wishes. But the *métairie* thus lost its character and *raison d'être* as a system of agricultural labour. The owner was confronted with ordinary tenant farming; he considered that his expenditure for the house, fuel and fencing were poorly compensated

by tenant farming with rent in money, and in many cases he suppressed the *métairie*, and sold or demolished the house (see table VI, columns *métairies*, suppressed or sold).

Perhaps the most general reason for the abandonment of the system in recent years was the incessant reduction, demanded by the "base tenant" of the working days, which ended in making the *métairies* a burden for the proprietor.

It is difficult to contend against tendencies commonly rooted in the minds of individuals. To attain an object it is better to work with and not against the general social and economic current. If it is desired to save from suppression and demolition the large *métairies*, still numerous enough, forming enclaves in the estates or situated on their outskirts and capable of existence as independent properties, attempt must be made to help the "base tenants" to purchase them in order to farm them themselves. The State loans, for the formation of homesteads, have already to some extent favoured the realisation of this design, but the movement for making the agricultural labourer a peasant farmer must be organized more systematically and on a larger scale.

To the progressive suppression of *métairies* certain pernicious circumstances, independent of the inevitable social evolution have also contributed. Such have been, on the proprietor's side, the maintenance of certain conditions, the severity of which was revealed by the increase of wages, the too slow conversion of dues in kind into dues in money, the absence of leases or their want of clearness, certain inopportune clauses with regard to the possession of the *métairie*, the negligence of the proprietor with reference to it, and his indifference to the "base tenant."

On the part of the latter, his want of interest injuriously affecting agriculture, his insufficient knowledge and his negligence in the management of the *Métairie*, etc. In consideration of the importance of the rôle of the base tenants as labourers in agricultural forestry enterprise, during the present quasi-unemployment, it is absolutely necessary to contend against these evils and to employ appropriate measures to modernise the institution of the "*Métairies*."

Under good organization the system of "base tenants" offers important advantages and at a future date it may have a predominant position in agricultural and forestry economy. We see from the reports of the Masters' Societies and those of the Rural Economy Societies that the farmers still attribute great importance to the *métairies*. Curious examples are given of large proprietors who, after having for a certain period, excluded *métairies* from their properties, have thought good, to the satisfaction of the parties concerned, again to entrust the farming of their lands to "base tenants." Finally, for the scientific exploitation of forests it is indispensable to have a supply of permanent labourers, habituated from

childhood to forestry work, on whom it is possible to rely. The inspectors of forests, and the forestry and industrial companies unanimously praise the "forest born labourers."

In the crisis through which they have passed, the "base tenants" have, on their part, failed to recognise the advantages of the institution of *métairies*. When he establishes himself on his own account the peasant is obliged to run into debt, but if he takes a *métairie*, a very small capital is enough for the purchase of cattle and material, which besides are often supplied by the farmers. Other advantages, such as free pasturage, hay and firewood, the free use of the draught cattle and some other rights, render the position of the "base tenant" enviable in comparison with that of the peasant farmer. Besides, the "base tenant," even in bad seasons, may generally obtain advantages from the landlord. Add to this, that with time it will be understood that farming a *métairie* greatly facilitates the passage from the position of a free labourer to that of a peasant proprietor.

What steps must then be taken to modernise the *métairie* institution? The legally recognised right to compensation for improvements; the formal obligation of the proprietor to supervise the management of the *métairie*; a better understood system of personal credit for purchase of material and for farm expenses, etc.; agricultural teaching, that may be styled a complementary course, enabling the "base tenant" to increase the knowledge acquired by him at the communal school. These are what should be provided by the State. On the proprietor's part it would be desirable that the base service should be regulated according to the prices generally current; that remuneration for supplementary days be established on the same basis; that impracticable and obsolete clauses in farm leases be suppressed; that the *métayer's* buildings be well kept up; that the base service days be indicated in the leases, even when contracted before the new law "on farming;" that the leases be in writing; that the landlords letting out their lands to farmers should not leave it to the farmers to make out the *métayers'* leases, but they should themselves enter them in the farmers' contracts.

To these measures for the "modernisation" of the *métairies* an important one must still be added: the extended use of a relatively new method of payment called "*métairie with wages in kind*" (*stallorpare*). The subject will be treated in the next section on "base tenants on wages" and agricultural labourers" on mixed wages."

§ 4. *Base Tenants on Wage (Stattorpare) and Agricultural Labourers on Mixed Wages (Statare).*

At the end of the eighteenth or the beginning of the nineteenth century, the system of wages in kind came into use on the large Swedish farms. The servants, as long as they remained unmarried, were paid by the year. When they married they were generally offered the right of establishing themselves on a *métairie* or in a cottage. But since the *métairie* and "cottages" could not always suffice for the needs of the increasing population and in view of the early marriages, it became absolutely necessary to introduce a new system of wages into agriculture. The master could not feed the married servants under his roof. When a servant married he gave him lodging, ordinarily shared with the families of other labourers on mixed wages.

This made no change in the nature of his service and his duties; but the wage, which for the married servant represented money, board and lodging, was paid in money and kind, that is to say, in corn, flour, potatoes, herrings, milk, wood, etc.

Later, about 1830-1840, on account of the decrease in the number of *métairies*, the labourers on "mixed wage" began to be recruited from among the base tenants themselves. Already in giving the causes of the suppression of many *métairies*, we have shown the reasons that led the farmers to adopt the system of labour on "mixed wage."

In the course of recent years the increasingly intensive nature of agriculture contributed to this movement. For several reasons, the system of "mixed wage" is better suited to the modern farm that grows plants for cattle food. As this kind of cultivation requires constant attention, labour must be always available, a condition incompatible with the position of the "base tenants," who, very often living on the outskirts of the estates, have, consequently, a long journey to make to reach the work.

Besides, they only do a fixed number of days' work each year. It must also be considered that the number of horned cattle and the agricultural machine work require many more labourers than formerly.

These are the reasons for the increase of labourers on "mixed wage" and "base tenants" on wages, according to the following somewhat incomplete figures from the Statistical Tables.

TABLE VII. *Labourers on "Mixed Wages" and "Base Tenants" on Wages.*

| | |
|---------------------|--------|
| Year 1825 | 9,239 |
| „ 1835 | 12,691 |
| „ 1845 | 15,609 |
| „ 1855 | 18,706 |
| „ 1900 | 33,351 |

In 1900, the class of labourers "on mixed wage," with their families amounted to 146,374 persons and according to statistics it has undergone no appreciable decrease in consequence of the present depopulation of the country districts.

It must be admitted that the system of labour on "mixed wage," in spite of its serious defects from the social point of view, the chief of which is making several families live in the same house, as in barracks, — defects more evident when we pass from consideration of the "base tenants" to the labourers "on mixed wage" — we must admit, that this system is destined to continue. But, like the system of "base-tenancy," it calls for reform and here we touch the problem of the imminent evolution of agricultural labour.

The problem is to arrange a mode of payment presenting the advantages both of base tenancy and labour "at mixed wage," and excluding their drawbacks. The solution would be in a special system of labour which, indeed, has not yet had a great development, but which, however, has been tried in some districts, where it has been found useful in many ways, both for the landlord and the agricultural labourer, namely the system of "base tenants" on wages (*stättorpare*).

Originally by "base tenants" on wages were understood the agricultural labourers whose wage, in addition to payment in kind, included lodging and a portion of land, generally a hectare or half hectare, right of pasturage in summer and hay in winter for one or two cows and sometimes a few sheep. To this was added a money payment, generally fixed and annual. The difference between the labourer "on mixed wage," and the "base tenant" on wages was then that the latter had a little land and food for his cows — this last in lieu of milk — and consequently farmed on his own account a little piece of land, in addition to his agricultural labour.

With time, this method of payment has undergone modifications. In most cases, the fixed annual payment has been replaced by daily pay, sometimes even, though seldom, by payment by the hour. In certain places, wages in kind, have been replaced, either partly or altogether, by a higher daily payment.

The "base tenant" on wages then holds a middle place between the "base tenant" and the labourer "on mixed wage." Like the first, he possesses a farm, although it is small, and, like the second, he receives advantages in kind.

In the latter case, he accomplishes a fixed number of days per month and the supplementary days are paid by private arrangement. The arable land must not be more than 1 hectare, for otherwise the cultivation of it would require too much time and the estate would suffer. The master furnishes draught cattle, either gratuitously, or at a fixed price; he generally gives the straw and often the hay or the right to make it in a meadow,

so that the "base tenant" on wages may have two or three cows. He is also obliged to have pigs. So in a *métairie* of this nature we find a stable with a sty for pigs and a barn for hay.

Here are some of the methods of payment in use in this class :

1st. Example :

Lodging and firewood ;
1 hectare of arable land ;
free use of draught cattle ;
850 kg. of wheat straw per year ;
right of mowing at least four cartloads of hay in the year ;
pasturage ;
650 kg. of rye at 9 öre (0.12 fr. about) per year ;
Daily wage in money :
 for 4 months 1 crown ;
 for other 4 months 1.25 crowns ;
 for other 4 months 1.50 crowns ;

Besides the farmer receives in advance, a certain sum for the purchase of implements and an allowance for grooming the horses on Sundays and holidays ;

2nd. Example :

Lodging and firewood ;
1 hectare of arable land ;
free use of draught cattle ;
400 kg. of hay ;
500 kg. of rye straw ;
Mowing of 2 or 3 cartloads of hay ;
pasturage ;
720 kg. of rye (or 60 kg. per month) at 12 öre (0.16 fr. about).

Wages per hour : 14 öre (0.18 fr. about) for the whole year, with 25 % increase for supplementary work.

Earnest money : 5 crowns .

If the men are honest and industrious and the relations between masters and labourers are good, the system of "base tenants" on wages presents such great advantages that compared with them the drawbacks seem insignificant. The principal difficulty in passing from the system of "labourer on mixed wages" to that of "base tenant" on wages is the very considerable expense for buildings. Yet it must be observed that houses may be built consisting of two lodgings and their outhouses, for two farmers, with a common barn, all divided and with separate doors.

The superiority of the system of "base tenants" on wages is recognised as indisputable by many large farmers who have made trial of this method of payment.

From the employer's point of view, it must be remarked that the landlord may count almost every day on the labour of the "base tenant" on wages, for the farming of the *métairie* is so limited that it leaves the tenant great liberty. Conflicts of interest between master and labourer, frequent in the case of the "base tenants," are avoided.

Even if the landlord does not possess a property large enough for the establishment of *métairies* he has still the power of abandoning certain portions to the "base tenants." Different in this respect, from the labourer "on mixed wage," the "base tenant" on wages, possessing his own farm, is more interested in the work he performs for his master and does it better. Besides, it is easier for him to retire from work, he is more satisfied with his lot, and more attached to the land than the labourer "on mixed wage."

From the point of view of the labourer the system also presents important advantages. The "base tenant" on wages, cultivating a smaller piece of ground than that of the ordinary "base tenant," and in contrast with the latter receiving a fixed payment in kind, is less at the mercy of the chances of the harvest. His position is consequently more assured, although his means are limited.

Besides, as he may possess cows, pigs and poultry, he lives better than the labourer on mixed wage; his children have more substantial food. Moreover, these aid their parents in working the *métairie*, so that any inclination they may have towards agriculture is awakened early.

Finally, the "base-tenant on wages" has a better career before him. With prudence and economy he may in time succeed in forming a capital with which to obtain a large *métairie*. Thanks to the State loans for the formation of homesteads, it is also possible for him to become a peasant farmer.

In other words, the system of "base tenancy" on wages, puts the poor but hardworking agricultural labourer in the way of greater prosperity.

II. BIBLIOGRAPHY.

Publications of Recent Date relating to Agricultural Economy in General.

- (1) EMIL SOMMARIN: Torparfrågen: "Ekonomisk Tidsskrift", Upsala of Stockholm, 1911, Häft 7 og 8 (*The Question of Base Tenants*, "Political Economy Review". *Upsala and Stockholm*, 1911. nos. 7 and 8).
- (2) NILS WOHLIN: Torpkommissions betänkande. "Ekonomisk Tidsskrift". Upsala og Stockholm, 1911, Häft 10 (*Report of the Commission, charged to study the Question of Base Tenants*. "Political Economy Review". *Upsala and Stockholm*, 1911, no. 10).

These two important articles are very closely connected with the preceding essay on the "Condition of Agricultural Workmen." They bear especially on the problem dealt with in § 3. (Base Tenants) of the said essay.

In the first article of 60 pages by Prof. EMIL SOMMARIN there are very severe criticisms of the results given in the report of the Commission instructed to study the question of Base Tenants, a report mentioned among the sources of our essay referred to. The Commission desires, like the majority of writers competent in the matter, to check the decrease of Base Tenants and proposes, for this purpose, certain reforms in the law on Homesteads in Sweden (1).

Sommarin's article shows the same desire but he does not think the above remedy (change in the law on homestead) advisable. The Commission next recommends, with certain reservations, an increase of the class of "stättorpare", Base Tenants on wages (as in our essay here published, see pages 208 and 219) but Sommarin thinks it best to wait for the results of the law of 14th. June, 1907 on the rights and duties of landed proprietors and until we have more statistics on this class of agricultural labourers. He sums up his views in the following proposals for assisting the Swedish tenant farmers bound to do farm work.

1. The extension of base tenants' rights, against the landholder, above all the substitution of money wages for wages in kind;
2. Reorganization of land credit for peasant farmers;
3. Application of the present homestead law to base tenants;
4. Sanitary inspections for the improvement of hygiene in behalf of the base tenants.
5. Improved agricultural education.

(1) This question was dealt with by us in an article published in the *Bulletin*, 1911, no. 1 pages 237-243.

The second of the above articles, the author of which, NILS WOHLIN, is one of the members of the Commission that presented the report on the Swedish base tenants, contains an answer to Sommarin's criticism.

After having shown the difficulties in the way of preparing accurate statistics on the conditions of the Swedish base tenants, Wohlin supports the idea of extending, although in moderation, the duties of the landholders towards these tenants. He especially recommends that it should be recognized as the duty of the farmer to make the necessary repairs on the farm and in the lodging of the tenant. Finally, Wohlin says that Sommarin's programme itself seems to show that in reality the difference between his idea and the proposals of the Commission are much less considerable than his criticism would make us believe.

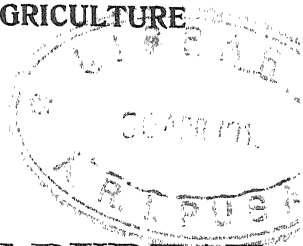
- (3) H. JUHLIN DANNFELT and A. SJÖSTRÖM: *Handbok i jordbruksekonomi*. 814 S. (*Handbook of Rural Economy*, 814 pp.). Stockholm, 1911.

This large volume, one of the authors of which (Prof. Juhlin-Dannfelt), is the Secretary of the Swedish Royal Agricultural Academy and official correspondent of the International Institute of Agriculture at Rome, forms the 7th. part of the work: *Landbrukets bok* (*Book of Agriculture*), the publication of which was begun in 1901 at Stockholm, and of which 7 volumes have already been published, with the exception of the 5th. on cattle improvement. The contents of this volume are shown sufficiently in the conception it contains of *rural economy*, and include, according to the authors' explanation, (see the introduction) "a statement of the principles upon which agriculture must proceed in order to be profitable to the farmers, and useful to society generally, as well as a description of the proper means for attaining this end".

- (4) ELGENSTIERNA: *Kalender öfver svenska landtbruket*, 1911. Tredje ärgangen. Utarbetadt på uppdrag af Kungl. Landbruksstyrelsen 303 S. (*Swedish Agricultural Calendar*. 1911. 3rd. year. Edited by the Royal Management of Agriculture, 303 pages). Stockholm, 1911.

This book, in spite of its title, contains much more than is generally found in an agricultural calendar, and in fact gives, in succinct form, information on nearly all departments of Swedish agriculture.

INTERNATIONAL INSTITUTE OF AGRICULTURE



BULLETIN OF THE BUREAU OF ECONOMIC AND SOCIAL IN- TELLIGENCE

▲ ▲ ▲ ▲ ▲ ▲

17th VOLUME  

IIIrd YEAR - NUMBER 3

  **MARCH 1912**



ROME, 1912 — PRINTED AT THE INSTITUTE'S PRINTING OFFICE

STAFF OF THE BUREAU

Chief of the Bureau

Prof. GIOVANNI LORENZONI, LL. D.

Chief of Section

K. A. WIETH-KNUDSEN, D. Pol. Sc.

Redacteurs:

- | | |
|---------------------------------|----------------------------------|
| 1. T. BALDASANO Y LOPEZ, LL. D. | 7. P. MENGARINI, LL. D. |
| 2. M. BEAUFRETON, LL. D. | 8. J. K. MONTGOMERY, B.A., B.Sc. |
| 3. G. COSTANZO, LL. D. | 9. L. PAULUCCI, LL. D. |
| 4. L. DE NOBILI, LL. D. | 10. G. PILATI, LL. D. |
| 5. B. GRIZIOTTI, LL. D. | 11. O. PIRES, Agric. Eng. |
| 6. A. MAC LEAN, Ph. D. | 12. L. REDAELLI, LL. D. |
| 13. G. ROCCA, LL. D. | |

The English translation has been made by W. P. WATERMEYER, B. A.

THE INTERNATIONAL INSTITUTE OF AGRICULTURE

The International Institute of Agriculture was established under the International Treaty of June 7th, 1905, which was ratified by 40 Governments. Ten other Governments have since adhered to the Institute.

It is a Government Institution in which each Country is represented by delegates. The Institute is composed of a General Assembly and a Permanent Committee.

The Institute, confining its operations within an international sphere, shall :

a) Collect, study, and publish as promptly as possible statistical, technical, or economic information concerning farming, vegetable and animal products, the commerce in agricultural products, and the prices prevailing in the various markets;

b) Communicate to parties interested, also as promptly as possible, the above information;

c) Indicate the wages paid for farm work;

d) Make known the new diseases of plants which may appear in any part of the world, showing the territories infected, the progress of the diseases, and, if possible, the remedies which are effective;

e) Study questions concerning agricultural co-operation, insurance, and credit in all their aspects; collect and publish information which might be useful in the various countries for the organisation of works connected with agricultural co-operation, insurance and credit;

f) Submit to the approval of the Governments, if there is occasion for it, measures for the protection of the common interests of farmers and for the improvement of their conditions, after having utilized all the necessary sources of information, such as the wishes expressed by international or other agricultural congresses or by congresses of sciences applied to agriculture, or agricultural societies, academies, learned bodies, etc.

The Institute publishes: a) a Bulletin of Agricultural Statistics; b) a Bulletin of Agricultural Intelligence and Diseases of

Plants; c) a Bulletin of Economic and Social Intelligence; d) a Bulletin Bibliographique hebdomadaire (published every Saturday).

It has also published a volume on "The Organization of Agricultural Statistical Services in the Several Countries", and a volume on "Statistics of Cultivated Areas and of Vegetable and Animal Production in the Adhering Countries" (an Inventory drawn up from documents published by Governments), and "Monographs on Agricultural Association in Various Countries (2. Vol)".

Officers of the Institute

and List of the Delegates to the Permanent Committee.

President: Marquis RAFFAELE CAPPELLI, *Delegate of Italy.*

Vice-President: M. LOUIS-DOP, *Delegate of France.*

General Secretary: Prof. GIOVANNI LORENZONI.

Delegates of the adhering States to the Permanent Committee.

| | States adhering to the Institute | Groups in which adhering the States are classified | Names and Rank of the Delegates |
|----|-------------------------------------|--|--|
| 1 | Germany . . . | I | Dr. T. MUELLER, Privy Councillor. |
| 2 | Argentine Republle | I | His Excell. E. PORTELA, Minister plenipotentiary of the Argentine Republic to H. M. the King of Italy. |
| 3 | Austria | I | Chev. V. DE POZZI, Government Councillor. |
| 4 | Hungary | I | E. DE MIKLÓS DE MIKLÓSVAR, Secretary of State for Agriculture, Member of the House of Magnates. |
| 5 | Belgium | IV | O. BOLLE. |
| 6 | Brazil | I | ANTONINO FIALHO, Ex-Deputy; Ex-President of the National Agricultural Society. |
| 7 | Bulgaria | III | D. RIZOFF, Minister plenipotentiary of Bulgaria to H. M. the King of Italy. |
| 8 | Chile | I | S. ALDUNATE BASCUÑAN, Minister plenipotentiary of Chile to H. M. the King of Italy. |
| 9 | China | I | TCHAO-HI-TCHIOU, Secretary of the Chinese Legation to the Italian Government. |
| 10 | Costa-Rica . . . | V | R. MONTEALEGRE, Minister plenipotentiary of Costa-Rica to H. M. the King of Italy. |
| 11 | | | C. M. DE CESPEDES Y QUESADA, Minister plenipotentiary of Cuba to H. M. the King of Italy |

| | States adhering to the Institute | Groups in which the adhering States are classified | Names and Rank of the Delegates |
|----|-------------------------------------|--|---|
| 12 | Denmark | IV | M. A. OLDENBURG, Secretary to the Danish Legation to the Italian Government. |
| 13 | Ottoman Empire | I | Dr. MEHMED DJÉML BEY. |
| 14 | Egypt | II | B. CHIMIRRI, Delegate of Eritrea and Italian Somaliland. |
| 15 | Ecuador | V | A. NORERO, Minister plenipotentiary of Ecuador to H. M. the King of Italy. |
| 16 | Spain. | I | ENRIQUE RODRIGUEZ DE CELIS, Agricultural Engineer. |
| 17 | United States . . | I | DAVID LUBIN. |
| 18 | Ethiopia | V | Prof. G. CUBONI, Director of the Station of Plant Pathology of Rome. |
| 19 | France | I | LOUIS-DOP, Vice-President of the Institute. |
| 20 | Algeria | V | LOUIS-DOP, Delegate of France. |
| 21 | Tunis | V | LOUIS-DOP, Delegate of France. |
| 22 | Great Britain and Ireland | I | H. G. DERING, Counsellor to the British Embassy to the Italian Government. |
| 23 | Australia . . . | IV | H. G. DERING, Delegate of Great Britain and Ireland. |
| 24 | Canada | II | H. G. DERING, Delegate of Great Britain and Ireland. |
| 25 | British India . | II | H. G. DERING, Delegate of Great Britain and Ireland. |
| 26 | New Zealand . | IV | H. G. DERING, Delegate of Great Britain and Ireland. |
| 27 | Mauritius . . | V | H. G. DERING, Delegate of Great Britain and Ireland. |
| 28 | Union of South Africa | IV | |
| 29 | Greece | IV | B. INTRIGILA, Consul General of Greece at Rome. |
| 30 | Italy | I | Marquis R. CAPPELLI, Vice-President of the Chamber of Deputies, President of the Institute. |
| 31 | Eritrea and Italian Somaliland | IV | B. CHIMIRRI, Member of Parliament. |

| | States adhering to the Institute | Groups in which the adhering States are classified | Names and Rank of the Delegates |
|----|-------------------------------------|--|--|
| 32 | Japan | I | NAOTOSHI MARUMO, First Secretary to the Imperial Japanese Embassy to the Italian Government. |
| 33 | Luxemburg . . . | V | O. BOLLE, Delegate of Belgium. |
| 34 | Mexico | II | G. A. ESTEVA, Minister plenipotentiary of Mexico to H. M. the King of Italy. |
| 35 | Montenegro . . . | V | G. VOLPI, Director General of the Monopolies of the Kingdom. |
| 36 | Nicaragua. . . . | V | V. E. BIANCHI, Consul General of Nicaragua at Rome. |
| 37 | Norway. | IV | Dr. G. FJELSTAD, Agricultural proprietor. |
| 38 | Paraguay | V | Prof. ORAZIO COMES, Principal of the Higher School of Agriculture, Portici, (Italy). |
| 39 | Holland | IV | H. DE WEEDE, Minister plenipotentiary of Holland to H. M. the King of Italy. |
| 40 | Peru | V | Dr. M. M. MESONES. |
| 41 | Persia | IV | A. DEL GALLO, Marquis of ROCCAGIOVINE. |
| 42 | Portugal | IV | LUIZ FILIPPE DE CASTRO, Professor of the Agronomic Institute at Lisbon. |
| 43 | Roumania. | I | |
| 44 | Russia | I | His Excell. G. ZABIELLO, Counsellor of State, Consul General of Russia at Rome. |
| 45 | Salvador | V | A. BALLO, Acting Consul General of Salvador at Genoa. |
| 46 | San Marino . . . | V | His Excell. L. LUZZATTI, Minister of State of the Kingdom of Italy. |
| 47 | Servia | III | C. SCOTTI, Consul General of Servia at Rome. |
| 48 | Sweden | IV | Baron C. N. D. DE BILDT, Minister plenipotentiary of Sweden to H. M. the King of Italy. |
| 49 | Switzerland . . . | IV | J. B. PIODA, Minister plenipotentiary of Switzerland to H. M. the King of Italy. |
| 50 | Uruguay | V | REQUEÑA BERMUDEZ, Chargé d'affaires of Uruguay to the Italian Government. |

CONTENTS.

PART I.

CO-OPERATION AND ASSOCIATION.

Germany :

I. — CURRENT QUESTIONS.

| | | |
|--|------|----|
| 1. The Development of the Central Co-operative Societies for Purchase and Sale in Germany. | Page | 3 |
| § 1. General | | 3 |
| § 2. Historical Development and Present Situation | | 5 |
| § 3. Increase in the Number of Affiliated Co-operative Societies, in the Sums for which they are liable, and in the total Business they transact | | 10 |
| § 4. The Sale of Agricultural Produce by the Central Agricultural Co-operative Sale and Purchase Societies | | 16 |
| § 5. International Organization of the Central Co-operative Sale and Purchase Societies and their Relations with the Affiliated Co-operative Societies | | 19 |
| § 6. The Analysis of the Goods, | | 21 |
| § 7. The Working Capital | | 22 |
| § 8. Assets | | 28 |
| § 9. Profit and Loss. Working Expenses. | | 33 |
| § 10. Final Considerations | | 35 |
| 2. Influence of the Agricultural Associations and Corporations on the Organisation of the German Labour Market | | 36 |
| § 1. Necessity for Centralising the Work of Recruiting Agricultural Labourers | | 36 |
| § 2. The Foreign Labour Market centralised at the Central German Agricultural Bureau | | 37 |
| § 3. Tendency to reorganise and centralise the Home Labour Market | | 38 |
| § 4. Labour Bureaux of the Chambers of Agriculture | | 40 |
| § 5. Organisation of Masters and of Labourers in connection with the Agricultural Labour Market | | 46 |
| § 6. The Society for Assistance to Returning Emigrants | | 47 |

II. BIBLIOGRAPHY.

| | |
|--|---------|
| Publications of Recent Date relating to Co-operation and Association | Page 48 |
|--|---------|

Belgium :

I. — CURRENT QUESTIONS.

| | |
|--|---------|
| 1. The Agricultural Associations in Belgium, according to the New Official Statistics (1909) | Page 53 |
| (A) <i>Agricultural Professional Societies</i> | 54 |
| (B) <i>Societies for Purchase of Seeds, Manure, Foodstuffs and Machinery</i> | 58 |
| (C) <i>Societies for the Sale of Milk or Manufacture and Sale of Cheese</i> | 59 |
| (D) <i>Agricultural Credit Societies</i> | 60 |
| 2. The "Boerenbond" (Peasant's League) and its Action | 63 |
| 1. Objects and Organization of the "Boerenbond" | 63 |
| § 2. The Work of the "Boerenbond" in 1910. | 65 |

II. — BIBLIOGRAPHY.

| | |
|--|---------|
| Publications of Recent Date relating to Co-operation and Association | Page 74 |
|--|---------|

Canada :

I. — CURRENT QUESTIONS.

| | |
|---|---------|
| 1. Co-operative Fruit Associations in Ontario | Page 75 |
| § 1. Apple Shipping Societies | 75 |
| § 2. General Fruit Associations | 76 |
| § 3. Small Fruit Associations | 77 |
| § 4. Management and Expenses | 78 |
| 2. The "Farmers' Institute Clubs" in Canada | 79 |
| Constitution | 81 |
| Bye Laws | 82 |

II. — RECENT NEWS.

Miscellaneous Information.

- | | | |
|--|------|----|
| 1. Agricultural Experimental Union in Quebec | Page | 84 |
| 2. Five Years of Co-operation | | 85 |

Italy :

I. — CURRENT QUESTIONS.

- | | | |
|--|------|----|
| The New Statistical Return of the Co-operative Societies for Production and Labour | Page | 87 |
|--|------|----|

II. — RECENT NEWS.

- | | | |
|--|------|-----|
| 1. Work of the Federations and of the Central Institutions of the Co-operative Societies and of the Large Agricultural Associations | Page | 91 |
| 1. The Rural Banks and Agricultural Co-operative Societies of Collective Title existing in Italy at the End of the Years 1910 and 1911, respectively | | 91 |
| 2. The Work of the National League of Italian Co-operative Societies in 1911 | | 93 |
| 3. The Meeting of the Italian Federation of Agricultural Consortiums | | 96 |
| 4. The Meeting of the Rural and People's Banks of the Province of Bologna | | 96 |
| 5. The New Regulations of the Federation of the Co-operative Societies of Girgenti | | 97 |
| 2. Miscellaneous Information | | |
| 1. The Development of the Credit Institute of Co-operative Societies at Milan, during the period 1904-1911 | | 98 |
| 2. The Organization of the Genoa Agricultural Consortium for the Sale of Milk | | 99 |
| 3. The Cremona Co-operative Agricultural Consortium | | 100 |
| 4. The Work of the Wine Society of San Salvatore Monferrato | | 101 |
| 5. The Programme of the Agricultural Society of Lombardy for 1912 | | 102 |
| 6. The Programme of the Agricultural Comizio of Rome, for 1912 | | 103 |
| 7. The Terni Agricultural Comizio for an Enquiry into Agriculture in general | | 104 |

III. — BIBLIOGRAPHY.

- | | |
|--|-----|
| Publications of Recent Date relating to Co-operation and association | 105 |
|--|-----|

PART II.

INSURANCE.

Belgium:

RECENT NEWS.

| | | |
|--|------|-----|
| The Most Recent Results given by the Agricultural Insurance Institutions | Page | 109 |
| § 1. Compulsory Cattle Insurance. | | 109 |
| § 2. Mutual Cattle Insurance | | 110 |
| § 3. The Reinsurance Federation | | 111 |
| § 4. Fire Insurance. | | 112 |
| § 5. Hail Insurance. | | 113 |
| § 6. Insurance of Persons. | | 113 |

Switzerland:

CURRENT QUESTIONS.

| | | |
|--|------|-----|
| I. The New Federal Law on Sickness and Accident Insurance and the Farmers | Page | 115 |
| Part I. — <i>Introduction</i> | | 115 |
| Part I. — <i>The Organization of Sickness Insurance</i> | | 117 |
| § 1. Conditions to be fulfilled by the Insurance Societies, entitling them to the federal subsidies. | | 117 |
| § 2. Federal Subsidies | | 120 |
| § 3. The Supplementary Mountain Subsidy | | 122 |

PART III.

CREDIT.

Germany:

I. — RECENT NEWS.

Miscellaneous Information.

| | | |
|--|------|-----|
| 1. Loans on Second Mortgage | Page | 127 |
| 2. German Mortgage Banks in 1911 | | 130 |
| 3. Extension and distribution of Mortgages in Prussia, 1909-1910 | | 131 |
| 4. How the Prussian Savings Banks invest their Capital | | 137 |

II. — BIBLIOGRAPHY.

| | |
|---|----------|
| Publications of Recent Date relating to Non - Co-operative Agricultural and Land Credit | Page 140 |
|---|----------|

Austria :

I. — CURRENT QUESTIONS.

| | |
|---|----------|
| The Bill on Dismortgaging and the Attitude of the Farmers . . | Page 143 |
| § 1. Introduction | 143 |
| § 2. Mortgage Indebtedness and Agricultural Credit Co-operation | 144 |
| § 3. Second Mortgages and Personal Credit | 147 |
| § 4. Mortgage as Security and the Term of Maturity | 148 |

II. — BIBLIOGRAPHY.

| | |
|---|----------|
| Publications of Recent Date relating to Non - Co-operative Agricultural and Land Credit | Page 150 |
|---|----------|

Egypt :

CURRENT QUESTIONS.

| | |
|--|----------|
| 1. Organisation and Development of Land and Agricultural Credit in Egypt | Page 151 |
| § 1. Conditions Favouring Investment in Mortgage in Egypt . . . | 151 |
| § 2. The Land Credit Banks | 156 |
| (A) The <i>Credit Foncier Egyptien</i> (The Mortgage Bank of Egypt) . | 156 |
| (B) The <i>Land and Mortgage Company</i> | 160 |
| (C) The <i>Caisse Hypothécaire d'Egypte</i> (The Mortgage Bank of Egypt) | 160 |
| (D) The <i>Land Bank of Egypt</i> | 161 |
| § 3. Agricultural Credit Facilities Provided for the " Fellaheen ", and the Agricultural Bank of Egypt | 162 |
| § 4. The Relation of the Debt on Mortgage to the Conditions of Agriculture | 168 |
| 2. State Credit for the Distribution of Cotton Seeds to Small Farmers | Page 170 |
| § 1. The Decrease in Cotton Production and its Causes | 170 |
| § 2. Government Intervention for the Distribution of Seed on Credit | 174 |

PART IV.

MISCELLANEOUS.

(Facts and Problems of General Agricultural Economic Interest).

Australia :

I. — CURRENT QUESTIONS.

| | |
|---|----------|
| The Extension of Agriculture in South Australia | Page 179 |
| The « Closer Settlement » Act, 1910 | 179 |

II. — BIBLIOGRAPHY.

| | |
|--|-----|
| Publications of Recent Date relating to Agricultural Economy in General. | 188 |
|--|-----|

France :

CURRENT QUESTIONS.

| | |
|---|---------|
| Proposed Amendmens to the Law on Peasant Property and Cheap Dwelling Houses | Page 89 |
| § 1. The Districts of the Credit Societies | 190 |
| § 2. Simplification of the Procedure | 191 |
| § 3. The Capital of the Credit Societies | 193 |
| § 4. The Condition of the Loans | 193 |
| § 5. Liquidation of the Societies | 194 |

Italy :

I. — CURRENT QUESTIONS.

| | |
|--|----------|
| Some Amendments to the Laws on Registration and Stamp Duties | Page 197 |
|--|----------|

II. — RECENT NEWS.

Miscellaneous Information :

| | |
|--|----------|
| 1. Present Condition of the Sheep and Wool Industries in Italy and the Proposals for their Improvement | Page 202 |
| 2. An Official Enquiry into the High Cost of Provisions | 205 |

| | |
|--|----------|
| 3. The Institution of an Advisory Commission for Agricultural Industries | Page 206 |
| 4. Prize Competitions Published by the Agricultural Department | 206 |
| 5. The Order of Knights of Agricultural, Industrial and Commercial Merit | 208 |
| 6. The Provincial Commission of the Milan Humane Society for Livestock Improvement | 208 |
| 7. The Fifth Beemasters' Congress | 209 |
| 8. Resolutions Passed at the National Congress of the Milk Industry | 210 |
| 9. Resolutions on the High Price of Food passed at the 6th Congress of Economic Societies at Terni | 211 |
| 10 A National Meeting for the Suppression of Labour Agents | 212 |
| 11. Important Farmers' Meeting at Codogno to Study the Matter of Farm Leases | 213 |

III. — BIBLIOGRAPHY.

| | |
|---|-----|
| Publications of Recent Date relating to Agricultural Economy in General | 215 |
|---|-----|

Various Countries :

CURRENT QUESTIONS.

| | |
|--|----------|
| Subdivision of Landed Properties in Various European Countries | Page 217 |
| § 1. Subdivision in Germany | 217 |
| § 2. Subdivision in Great Britain | 218 |
| § 3. Subdivision in the Scandinavian Countries | 220 |
| § 4. Subdivision in Belgium, Holland, Spain and France | 222 |
| § 5. Subdivision in Russia | 222 |
| § 6. Subdivision in other Parts of Europe | 224 |

PART I.

CO-OPERATION AND ASSOCIATION.

CO-OPERATION AND ASSOCIATION

GERMANY.

I. — CURRENT QUESTIONS.

The Development of the Central Co-operative Societies for Purchase and Sale in Germany.

Sources :

Jahrbücher des Reichverbandes der deutschen landwirtschaftlichen Genossenschaften. Darmstadt, 9 bis 17 Jahrgang (Yearbooks of the National Federation of the German Agricultural Co-operative Societies, 9th. to 17th. Year).

§ 1. General.

The continual increase of the agricultural co-operative societies for collective purchase, the formation of which, as has already been explained in the article "on the development of the agricultural co-operative purchase societies in Germany," is due to the continually more intensive form of cultivation, was not slow in creating the need for the foundation of separate purchase co-operative societies with common offices for the purchase of farm requisites.

This need was due to many causes, more than anything else to the inadequacy of the trade carried on by the middlemen and the arbitrary establishment of prices by the producers.

The increasing intensity of cultivation naturally entailed increased purchase of every kind of accessory, artificial manure, forage, seeds and machinery. The increased demand on the part of agriculture had as a consequence an increase in the prices of these articles; the producers partly, and partly the dealers, united in "rings," syndicates" and "trusts" to

keep up the prices even in face of increased competition. Recourse was had to a reduction of production, minimum prices were agreed on, attempt was made to control the agricultural market in every way.

Amongst the most important of these unions, it is enough to mention with regard to manures, the *Kalisyndicat*, the *Verein der Thomasmehlfabrikanten* (Basic Slag Manufacturing Union), the *Konvention der Salpeterproduzenten an der Westküste Südamerikas* (Convention of the Saltpetre Producers on the West Coast of South America). Also in the cattle food trade there were similar unions, for example, the *Vereinigung der Hamburger Baumwolle Saatmehlimporteure* (Union of Importers' of Cotton Seed Flour) and there were several trusts in Oil and other industries. The conventions of every kind made by the manufacturers of machinery with regard to prices are also well known.

The "Kohlensyndicat" (Coal Syndicate) has also acquired great importance, not only for agriculture.

German agriculture, if only organised in isolated co-operative societies, would have remained powerless against these unions, for the most part very well provided with capital. Therefore, following the tendency ever more apparent in the economic world, to concentrate in large bodies, a more complete organisation was resorted to, and to the few trusts and syndicates were opposed a limited number of central co-operative societies for purchase and sale to which in their turn the individual co-operative societies were affiliated.

To the generic advantages of collective purchase of large quantities of farm requisites, many other special advantages were added, when the central purchase co-operative societies came into action.

By grouping together all the orders of a fairly large district, as it is the proper function of the central co-operative purchase societies to do, it becomes possible not only to get rid of local middlemen but also sometimes of the large traders and to come into immediate relation with the producers of the farm requisites in demand.

With centralization, commercial ability in purchasing also increases, because men, in no way second to the intelligent representatives of commerce and manufacture on a large scale, may be appointed as managers of the large central co-operative purchase societies. In this way it becomes possible to profit by favourable opportunities afforded by the market. If we think that there is no serious difficulty to a closer fusion or at least to a community of interests among the various central territorial co-operative purchase societies, that, indeed, such contact is produced of itself and already leads to the purchase of certain articles through a union of the central societies, we may understand how important a thing collective purchase of farm requisites has become for German agriculture.

To show the necessity for the formation of central purchase societies, a glance at the fluctuations in prices will be enough, especially at the prices of basic slag, the production and sale of which more than of any other farm requisite is controlled by syndicates.

Basic slag containing 1 kg. per cent of phosphoric acid soluble in citric acid cost in:

| | 1899 | 1900 | 1901 | 1902 | 1903 | 1904 |
|------------------------|----------|----------|--------------|----------|----------|----------|
| | pfennigs | pfennigs | pfennigs | pfennigs | pfennigs | pfennigs |
| Spring kg. % | 22.5 | 23.5 | 23 | 25.2 | 24.25 | 21.5 |
| Autumn " | 22.5 | 23.5 | out of stock | 26 | 25.25 | 22.5 |

| | 1905 | 1906 | 1907 | 1908 | 1909 | 1910 | 1911 |
|--------------------|----------|----------|----------|----------|----------|----------|----------|
| | pfennigs | pfennigs | pfennigs | pfennigs | pfennigs | pfennigs | pfennigs |
| Spring . . . kg. % | 21.5 | 22.5 | 24 | 25.25 | 26.25 | 24.5 | 24 |
| Autumn . . . " | 22.5 | 23.5 | 25 | 26.25 | 27.25 | 25.5 | 25 |

From these figures it is clearly seen what efforts were made for the systematic increase of prices from 1905 to 1909. Their reduction after 1909 was exclusively due to the energy of the Union of German Farmers for Collective Purchase, to which not only all the central co-operative purchase societies adhered but also the Farmers' League, the German Agricultural Society and numerous agricultural unions. But for strong pressure brought to bear on it, the Basic Slag Syndicate, instead of lowering the prices, would have raised them.

What we have shown in the case of Basic Slag happens in the case of all other articles, though for want of space we refrain from proving it by figures.

§ 2. *Historical Development and Present Situation.*

As has already been said, the formation of central purchase co-operative societies is a consequence of the formation of co-operative societies for collective purchase, and federations of such societies. The first attempts to form them were made in some federal districts of Central and South Germany and by the Raiffeisen organization. At first the federations provided for the central purchase business, since it was only the law of 1889 on co-operative societies that allowed the institution of societies of which individual co-operative societies might be members. The first union of individual co-operative societies for collective purchase of agricultural

produce was realised in the constitution, on 30th June, 1873, of the Hessian Federation of Rural Purchase Co-operative Societies, at Darmstadt. This example was soon imitated in other parts of South, West and North Germany.

There are only incomplete statistical data in the records of the National Federation of German Agricultural Co-operative Societies to be had for these early years.

The collective purchase of the federations then existing would have been as follows :

| Year | Quantity of Purchases (zentner) | Amount in MkS |
|----------------|---------------------------------------|---------------|
| 1884 | 576,961 | 2,248,072 |
| 1885 | 750,700 | 3,134,407 |
| 1886 | 1,132,484 | 3,578,462 |
| 1887 | 1,177,677 | 3,512,735 |
| 1888 | 1,667,851 | 5,319,424 |
| 1889 | 1,743,989 | 5,794,833 |

In 1889 there were 11 federations with 710 co-operative distributive societies and 54,629 members, making the purchases shown above for the year. After 1889, purchase of farm requisites on commission by the Federations ceased to a large extent and central purchase federations, now permitted by the new law of 1st. May, 1889 on co-operative societies, were founded.

This change is considered as a great step forward ; however great the services rendered through the medium of the federations, the purchase committees of which, in the absence of an independent board of management, undertook the purchases, there was a certain delay in the execution of orders. The work was now taken over by the central purchase federations, at the head of which were only experienced commercial men ; since then the purchases have been made by the central societies for their own account, so prices have been kept low and a better resistance has been made to even severe competition on the part of the dealers. In Hesse, also, on the 3rd. February, 1890, the first central purchase co-operative society was founded, at Darmstadt ; in the same year the Grand Duchy of Oldenburg followed the example. In 1891 the Central Co-operative Society of the Agricultural Co-operative Societies of the Palatinate was founded at Neustadt on the Haardt ; in the same year also the central co-operative purchase societies of Osnabrück and Halle on Saale were founded ; then in 1893 that of Dresden and in 1894 that of Hanover. In 1895 there were 10 central co-operative purchase societies, 20 in 1900, 25 in 1905, 27 at

the end of 1909. In the Grand Duchy of Baden and the Provinces of Alsace and Lorraine, the federations provide for the purchase of farm requisites as before 1889, but also here arrangements have been made so closely resembling those of the central co-operative societies that the difference is reduced almost to that merely of the legal form. Besides these 27 central co-operative societies for purchase and sale, there is also the Central Agricultural Loan Bank for Germany (*Landwirtschaftliche Zentral Darlehenskasse für Deutschland, A. G.*) a limited liability society that, up to the end of 1909, provided for the purchase of goods for 4,400 co-operative societies in 13 regional branches of the Raiffeisen organization.

The situation of the central purchase and sale co-operative societies and of the institutes that might be assimilated to them at the end of 1909, according to the yearbook of the National Federation of the German Agricultural co-operative societies for 1910, was as follows :

| Societies | Headquarters | Year of Foundation | Number of Members |
|--|-----------------------|--------------------|-------------------|
| 1. Rural Economic Union of Insterburg. Central Society of the Agricultural Co-operative Societies of East Prussia (Registered Limited Liability Society) | Insterburg | 1871 | 300 |
| 2. Central Co-operative Society of Ermland for Purchase and Sale of Articles of Agricultural Consumption (Registered Society, Ltd.) . . | Mehlsack | 1904 (no data) | |
| 3. District Agricultural Union (Registered Society Ltd.) | Neumark (Westprussia) | 1889 | 430 |
| 4. Central Agricultural Co-operative Society of Brandenburg for Purchase and Sale of Articles for Agricultural Consumption (Registered Society, Ltd.) | Berlin | 1900 | 333 |
| 5. Principal Agricultural Co-operative Society (Registered Society Ltd.) | Berlin | 1891 | 837 |
| 6. Principal Agricultural Co-operative Society of Pomerania (Registered Society, Ltd.) | Stettin | 1895 | 38 |

| Societies | Headquarters | Year of Foundation | Number of Members |
|---|--------------------------------|--------------------------|-------------------------|
| 7. Central Agricultural Co-operative Society for Purchase and Sale (Registered Society Ltd.) | Posen | 1890 | 162 |
| 8. German Deposit Warehouse (Registered Society, Ltd.) | Posen | 1901 | 228 |
| 9. Agricultural Co-operative Society of Silesia for Purchase and Sale (Registered Society, Ltd.) | Breslau | 1895 | 492 |
| 10. Central Agricultural Co-operative Society for Purchase and Sale of the Silesian Farmers' Union (Registered Society, Ltd.) | Breslau | 1890 | 269 |
| 11. Central Co-operative Society for Purchase of Articles of Agricultural Consumption (Registered Society, Ltd.) | Halle on Saale | 1890 | 735 |
| 12. Principal Agricultural Co-operative Society of Schleswig-Holstein (Registered Society, Ltd.) | Kiel | 1898 | 256 |
| 13. Central Co-operative Society of the Agricultural Co-operative Distributive Societies of Osnabrück (Registered Society, Ltd.) | Osnabrück | 1891 | 72 |
| 14. Principal Co-operative Society (Registered Society, Ltd.) | Hanover | 1893 | 481 |
| 15. Central Co-operative Society of Westphalia for Purchase and Sale of Articles of Consumption and Agricultural Produce (Registered Society, Ltd.) | Münster (Westphalia) | 1899 | 484 |
| 16. Central Co-operative Society for Purchase and Sale for the Administrative District of Wiesbaden (Registered Society, Ltd.) | Wiesbaden | 1898 | 85 |

| Societies | Headquarters | Year of Foundation | Number of Members |
|---|------------------------|--------------------------|-------------------------|
| 17. Rhenish Prussia Purchase Committee (Registered Society, Ltd.) | Bonn | 1898 | 190 |
| 18. Principal Co-operative Society for Purchase and Sale of the Rhenish Farmers' Union (Registered Society, Ltd.) | Cologne | 1882 | 631 |
| 19. Central Bavarian Loan Bank (Registered Society, Ltd.) | Munich | 1893 | 2,157 |
| 20. Agricultural Central Co-operative Society for Purchase and Sale of the Bavarian Farmers' Union (Registered Society, Ltd.) | Regensburg | 1899 | 796 |
| 21. Central Co-operative Society of the Agricultural Co-operative Societies of the Palatinate (Registered Society, Ltd.) | Neustadt on Haardt | 1891 | 152 |
| 22. Central Agricultural Co-operative Society (Registered Society, Ltd.) | Dresden | 1893 | 290 |
| 23. Co-operative Federation of the Baden Agricultural Unions (Registered Society Ltd.) | Karlsruhe. | 1882 | 700 |
| 24. Central Co-operative Society of the Agricultural Distributive Societies of Hesse (Registered Society, Ltd.) | Darmstadt | 1890 | 140 |
| 25. Principal Agricultural Co-operative Society for Upper Hesse (Registered Society, Ltd.) | Friedberg in Hesse . . | 1903 | 38 |
| 26. Provincial Federation of the District Agricultural Co-operative Societies for Alsace-Lorraine | Strassburg in Alsace . | 1900 | 23 |
| In addition : | | | |
| Central Agricultural Loan Bank for Germany (Society Limited by Shares). | Berlin | 1870 | 4,400 |

§. 3. Increase in the Number of affiliated Co-operative Societies, in the sums for which they are liable, and in the Total Business they transact.

It must be observed that the following data refer only to the central co-operative purchase societies and bodies of similar nature.

The figures for the Central Agricultural Loan Bank for Germany will be given in another place.

We shall first show the number of central purchase co-operative societies and members affiliated to them :

| Year | Number of Central Co-operative Societies | Members | Average per Central Society |
|----------------|---|---------|-----------------------------------|
| — | — | — | — |
| 1892 | 7 | 1,181 | 160 |
| 1895 | 16 | 2,785 | 174 |
| 1902 | 22 | 7,659 | 348 |
| 1909 | 27 | 10,348 | 384 |

It is evident that the number of central societies has increased but little in proportion to the number of individual co-operative societies. Since 1892 the number of central societies has not even doubled itself twice whilst that of the co-operative societies has increased almost ninefold and the average number of societies per central society has increased 127 %.

A classification of the total members gives the following results. There were :

| Year | Central Co-opera- tive Societies | Rural Banks | Co-opera- tive Societies for Collective Purchase | Co-opera- tive Dairies | Other Co-opera- tive Societies | Individual Members (Persons) | Total Members |
|------|---|----------------|---|------------------------------|---|------------------------------------|------------------|
| — | — | — | — | — | — | — | — |
| 1901 | 20 | 2,234 | 1,144 | 165 | 35 | 3,156 | 7,734 |
| 1905 | 25 | 3,570 | 1,713 | 284 | 85 | 3,267 | 8,919 |
| 1906 | 25 | 3,553 | 1,795 | 294 | 343 | 3,299 | 9,284 |
| 1907 | 26 | 3,811 | 1,843 | 293 | 263 | 2,946 | 9,156 |
| 1908 | 26 | 3,934 | 1,897 | 308 | 303 | 3,200 | 9,646 |
| 1909 | 27 | 4,014 | 1,904 | 322 | 322 | 3,787 | 10,384 |

Thus, the greatest number of members of the Central Purchase Co-operative Societies is furnished by the rural banks. If we add to these the 4,399 rural banks of the Raiffeisen Organisation, arranging purchases through the Central Agricultural Loan Bank we find, at the end of 1909, 8,413 rural banks affiliated to central offices for purchase of goods.

These represented more than half of the 15,000 rural banks in Germany at the end of 1909, from which we see how great the need is for the credit co-operative societies engaged in purchase of farm requisites also to unite in central co-operative purchase societies.

At the end of 1909, 1904 out of 2,167, that is 88 %, of the co-operative societies for collective purchase were affiliated to central purchase societies ; the existence of the central societies being a vital matter for these co-operative societies, it is really extraordinary that 12 % still insist on remaining independent of them ; perhaps we shall not be mistaken in concluding that the societies still unaffiliated are small or, rather, very small societies, the members of which have not yet the necessary co-operative experience. On the contrary, the advantage of affiliation to a central co-operative society has been understood by co-operative societies working in a very different field. 16 % of the co-operative dairies adhering to the Imperial Federation are affiliated also to central purchase co-operative societies.

In some federal districts, for example, in the Province of Saxony, 40 % of the dairies were affiliated to central purchase co-operative societies. Also 16 % of the other co-operative societies with the most various objects were members of the central purchase societies.

There were, finally, 3,787 individuals affiliated. Generally, these are large farmers resident in regions where there are as yet no co-operative distributive societies and where for certain reasons they cannot be constituted.

As we have seen, the number of central purchase societies has not increased in proportion to the number of members, and so these central purchase co-operative societies have almost all of them become institutes of considerable importance. Their progress is proved by the number of shares acquired by the members and the amounts representing their liabilities (see Bulletin of Social and Economic Intelligence, No. 7. 1911, pp. 16 et seqq.)

| Year | Number of Paid up Shares | Total Amounts representing Liability Mks. |
|----------------|-----------------------------|--|
| 1901 | 8,671 | 9,739,210 |
| 1905 | 21,769 | 27,845,600 |
| 1906 | 22,558 | 25,029,700 |
| 1907 | 24,470 | 26,903,000 |
| 1908 | 28,183 | 31,489,400 |
| 1909 | 32,260 | 34,663,100 |

These figures also are sufficiently expressive. Since 1905, they have advanced in an even and regular manner. Naturally, as is always the case

in such institutes, in the different central co-operative purchase societies the amounts vary considerably.

For example, at the end of 1909, the smallest amount of liability was 104,000 mks. and the greatest 6,089,000 mks. The constant increase is seen in the average per year per central society even better than in the total figures. The average per central society was :

| Year | Number of Central Co-operative Societies | Number of Shares | Total Amount of Liability |
|----------------|---|---------------------|---------------------------------|
| 1901 | 20 | 434 | 486,960 |
| 1905 | 25 | 871 | 1,113,824 |
| 1906 | 25 | 906 | 1,001,188 |
| 1907 | 26 | 941 | 1,034,731 |
| 1908 | 26 | 1,084 | 1,211,120 |
| 1909 | 27 | 1,195 | 1,283,818 |

The advance, then, was very considerable between 1901 and 1905, for this period it was more than 100 % in the number of shares, and 126 % in the total amount of liability.

But even in the following years after a slight fall in 1906 there was a constant and considerable increase.

Let us also give a glance at the total business done, as the statistics go back to 1884. The total purchases in zentners and sales in marks were as follows :

| Year | Central Society | Goods Purchased in Zentners | Amount of Sales Mks |
|----------------|--------------------|--------------------------------|------------------------|
| 1884 | — | 579,961 | 2,248,072 |
| 1889 | — | 1,743,989 | 5,740,833 |
| 1894 | — | 5,054,963 | 15,184,422 |
| 1899 | — | 9,442,154 | 25,945,053 |
| 1902 | 22 | 19,555,576 | 48,523,541 |
| 1903 | 22 | 24,742,700 | 57,075,674 |
| 1904 | 23 | 29,239,606 | 65,953,231 |
| 1905 | 25 | 33,650,766 | 81,147,558 |
| 1906 | 25 | 40,436,573 | 104,152,666 |
| 1907 | 26 | 45,663,719 | 125,162,142 |
| 1908 | 26 | 50,414,648 | 142,497,776 |
| 1909 | 27 | 52,962,094 | 147,930,168 |

The amounts of purchase of goods and of sales for some of the last years give the following averages per central society.

| Year | Central Society | Goods Purchased in Zentners | Amount of Sales Mks |
|----------------|-----------------|-----------------------------|---------------------|
| 1901 | 20 | 732,623 | 1,786,764 |
| 1905 | 25 | 1,346,031 | 3,245,902 |
| 1906 | 25 | 1,617,463 | 4,166,106 |
| 1907 | 26 | 1,756,301 | 4,813,929 |
| 1908 | 26 | 1,939,025 | 5,480,684 |
| 1909 | 27 | 1,961,559 | 5,478,895 |

Both the total and the average amount of purchases show a yearly increase that is now more considerable, as from 1906 to 1907, and now less, as from 1908 to 1909. Adding to these total purchases those of the Central Agricultural Loan Bank for Germany we get a total of 196,231,768 mks. for 1909.

Since 1884, that is in 25 years, the amount of purchases has increased a hundred fold, the amount of sales seventy five fold. It will be interesting to consider shortly the kinds of farm requisites bought by the purchase and sale co-operative societies.

The following amounts were purchased in the principal classes: Manure, cattle food, seeds and coal:

| Year | Manure (Zentner) | Cattle foods (Zentner) | Seeds and Grain for Sowing (Zentner) | Coal (Zentner) |
|----------------|------------------|------------------------|--------------------------------------|----------------|
| 1887 | 457,834 | 347,059 | 6,106 | 331,900 |
| 1892 | 2,252,627 | 719,435 | 10,296 | 896,091 |
| 1897 | 3,055,811 | 1,280,681 | 42,839 | 1,299,059 |
| 1899 | 5,494,427 | 1,846,909 | 62,300 | 1,919,680 |
| 1902 | 9,711,993 | 2,604,651 | 61,484 | 6,653,438 |
| 1907 | 20,069,959 | 7,826,580 | 160,630 | 15,134,247 |
| 1908 | 23,002,631 | 8,594,387 | 187,665 | 17,853,009 |
| 1909 | 25,254,327 | 8,881,163 | 227,965 | 18,002,161 |

In addition to these principal classes, the central purchase co-operative societies also made purchase of machinery and agricultural implements. These purchases amounted in 1909 to 4.9 million marks, to be precise 2,763,695 marks, for purchases made through the central co-operative purchase societies and 2,171,000 through the Central Agricultural Loan Bank for Germany.

Machines were purchased in considerable number also by other agricultural organisations, such as the chambers of agriculture and similar organisations. Thus, the Agricultural Union of Westphalia in 1909 purchased machinery for 725,000 marks, the Chamber of Agriculture of the Province of Saxony for 1.73 million marks. The East Prussia Central Co-operative Society for the Sale of Machinery showed in 1909 sales for 2.27 million marks and the office for the Sale of Machinery of the Rhenish Farmers' Union, sales for 208,078 mks. Among the above four principal classes, manure appears in largest quantity; the central co-operative purchase societies have a specially large share in the purchase of basic slag and potassium salts, as their strict administration has enabled them to stand out against the two large syndicates of basic slag and potassium salts.

The purchase of Manures of various kinds in 1909 was as under :

| | | |
|--|-----------|---------|
| Chili Saltpetre | 1,535,059 | zentner |
| Sulphate of Ammonia | 86,826 | » |
| Superphosphates | 945,411 | » |
| Ammoniacal Superphosphates | 881,938 | » |
| Bone flour | 148,310 | » |
| Guano | 98,048 | » |
| Besides Purchases of Ammonia and Superphosphates, through the Central Agricultural Loan Bank for Germany | | |
| Bank for Germany | 548,015 | » |
| Basic Slag | 6,695,095 | » |
| Potassium Salts | 7,011,887 | » |
| Lime | 1,461,582 | » |
| Other Manures | 1,525,408 | » |

All these purchases represented an amount of 739,635 mks. 56,696,758 mks. for purchases of the Central Purchase Co-operative Societies of the National Federation and 17,259,600 mks. of the Central Agricultural Loan Bank for Germany.

The purchases of Cattle Foods come second in importance, being in 1909, as follows :

| | | |
|--|-----------|---------|
| | | Zentner |
| Concentrated Cattle Foods, composed chiefly of | | |
| oil, fat or albumen | 1,611,808 | |
| Rice flour | 294,178 | |
| Rye bran | 556,312 | |
| Wheat bran | 1,043,732 | |
| Barley Bran | 155,852 | |
| Yeast | 208,544 | |
| Druff | 125,090 | |
| Wheat and Maize By-products for cattle food | 273,359 | |
| Various kinds of fodder (potatoes, beetroot) | 2,053,377 | |

The total value of these cattle foods is 64,353,313 mks., 49,059,813 marks representing the purchases of the central co-operative purchase societies and 15,293,500 mks. those of the Agricultural Central Loan Bank of Germany. It would take too long to enumerate the purchases of seeds, coal and other articles separately: it will be enough to give the total figures for the quantities and amounts.

| | Quantities (Zentner) | Amount of Sales (Marks) |
|---|-------------------------|----------------------------|
| <i>Seeds and Grain for Sowing</i> | | |
| Central Societies associated in the National Federation | 227,965 | 3,521,608 |
| Central Agricultural Loan Bank for Germany | (no data) | 1,507,500 |
| <i>Coal</i> | | |
| Central Societies associated in the National Federation. | 18,002,161 | 9,862,386 |
| Central Agricultural Loan Bank for Germany | (no data) | 7,334,000 |
| <i>Miscellaneous Purchases</i> | | |
| Central Societies Associated in the National Federation. | 331,750 | 2,361,342 |
| Central Agricultural Loan Bank for Germany | (no data) | 7,334,000 |
| <i>Machinery</i> | | |
| Central Societies Associated in the National Federation. | | 2,697,642 |
| Central Agricultural Loan Bank for Germany | | 2,171,000 |

The proportion of the Central Agricultural Loan Bank for Germany in the purchases of farm requisites, the statistics with regard to the quantity being incomplete, was 48,301,000 mks.; if we add the total of the purchases of the Central Societies of the National Federation (147,930,168) marks, we get, as has already been seen, 196,231,768 mks. value of purchases of farm requisites made for the agricultural co-operative societies by the central purchase societies.

According to certain calculations which can only be approximate, this amount would be hardly 10 % of the total consumption of farm requisites in Germany. There remains then a large field for the development of the action of the Central Agricultural Purchase Co-operative Societies. We shall now speak of the sale of agricultural produce, especially of grain, of the internal organization of the central purchase co-operative societies, of their relations with the affiliated societies and the capital invested in the central co-operative societies.

§ 4. *The Sale of Agricultural Produce*

by the Central Agricultural Co-operative Sale and Purchase Societies.

In course of time, in addition to the need for collective purchase of farm requisites, the need for organizing the sale of grain by means of the central co-operative purchase and sale societies made itself felt.

The importance of this branch of business has increased. The general transformation of milling from a small to a large industry, with the creation of very large mills has caused a much larger importation of grain which has rendered the sale of native grain more difficult. Several thousand medium and small mills have been thus eliminated by the competition of the large mills, as clearly appears in the professional and industrial census returns for 1875, 1882, 1895 and 1907.

| There were in | Mills of all kinds. |
|------------------|---------------------------|
| 1875 | 59,908 |
| 1882 | 58,079 |
| 1895 | 52,387 |
| 1907 | 46,189 |

The industrial census divides them into principal and dependent undertakings. A glance at the figures shows that the principal establishments have diminished to a very large degree whilst the dependent ones show a certain increase. This is explained by the fact that many principal establishments of lesser importance, being no longer profitable, have been re-

duced to dependent establishments. But their number has not increased since 1895.

| Years | Number of Principal Businesses | Number of Dependent Businesses |
|----------------|--------------------------------------|--------------------------------------|
| 1875 | 57,780 | 2,128 |
| 1882 | 52,490 | 5,587 |
| 1895 | 44,101 | 8,288 |
| 1907 | 37,905 | 8,284 |

On the other hand, the population of the German Empire has increased:

| | |
|----------------|------------------------|
| 1875 | 42,727,360 inhabitants |
| 1882 | 45,222,113 » |
| 1895 | 52,274,901 » |
| 1907 | 61,720,529 » |

The population then increasing while the number of mills diminished the decrease could only be compensated for by the extension of the establishments. Often this is due to the favourable position of the establishments on the banks of navigable rivers or near ports, in this way a dozen important mills have developed — in 1907, 98 mills each employed a staff of more than 50 persons — and their production suffices to make up for the closing of many thousands of small and medium mills. This transformation of the milling industry has been accompanied by that of the grain trade in which also the tendency to wholesale trade, buying the grain on the Exchange and by preference importing, has manifested itself.

The interests of the large manufacturer and the wholesale flour merchant coinciding, the difficulties for the sale of native grain can only increase. In spite of encouragements from various sides and even from the Governments of the Federated States for the organisation of the collective sale of grain, a rather long time had to pass before results worthy of consideration were obtained.

We know how it was attempted to attain this end by the foundation of store-houses for grain built partly with Government money and partly with funds provided by the members, but these attempts being ineffectual, recourse was had with more or less success to the most various means until it became understood that every effort was checked by the difficulties inherent in the grain trade, when the parties concerned are not content with the results it is possible to obtain.

The special difficulties are :

- (1) the complicated technique of the grain trade ;
- (2) the investment of the large working capital demanded by the business ;
- (3) the great risks of the grain trade due to the international character of the market.

The Statistical returns of the National Federation of the German Agricultural Co-operative Societies give the amounts of grain and potatoes sold ty the central co-operative purchase and sale societies.

They were :

| Year | Grain | | Potatoes | | Total Amount of Produce Sold (Marks) |
|------|-----------------------|-------------------|-----------------------|-------------------|---|
| | Quantity (Zentner) | Amount (Marks) | Quantity (Zentner) | Amount (Marks) | |
| 1909 | 7,254,245 | 65,370,306 | 156,410 | 351,511 | 65,721,817 |
| 1908 | 5,930,665 | 51,435,176 | 84,811 | 262,755 | 58,722,254 |
| 1907 | 4,570,047 | 45,280,514 | 110,146 | 287,962 | 46,045,891 |
| 1906 | 3,589,558 | 29,633,684 | 190,839 | 505,394 | 30,422,521 |
| 1905 | 2,621,047 | 20,372,920 | 148,365 | 374,796 | 20,747,716 |
| 1904 | 2,155,607 | 16,063,613 | 109,112 | 278 488 | 16,342,101 |
| 1901 | 702,076 | 5,033,596 | 7,615 | 8,769 | 5,042,365 |
| 1899 | 381,997 | 2,649,547 | 7,948 | 10,729 | 2,904,015 |
| 1896 | 43,600 | — | 2,832 | — | 398,288 |

Besides grain and potatoes, they sell, in smaller quantities and from time to time, hay and straw, beetroot etc.; but in such small quantities that it is not worth while giving them : they are, moreover, included in the total amount of produce sold.

Although the quantity and value of the produce sold has greatly increased, especially in recent years, yet the grain, for example, sold in 1909 was only 1.29 % of the total crop of the four chief species of cereal, rye, wheat, barley, and oats, which for the whole Empire was 28,223,958 tons.

The central purchase co-operative societies have now generally adopted the principle of undertaking sale on commission or only definitely buying special quantities offered and ready for sale.

Purchase or Sale for speculation is absolutely forbidden.

They have thus obtained an increase in prices on the local market, whilst the central co-operative society as purchaser always exercises its influence, and it is no longer in the power of the local grain merchant to fix the price by himself.

§ 5. — *Internal Organization of the Central Co-operative Sale and Purchase Societies and their Relations with the Affiliated Co-operative Societies.*

For legal purposes the central co-operative purchase and sale societies have the executive bodies contemplated by the law on co-operative societies in the case of the local societies, that is to say, a board of management, a council of supervision, and a general meeting. But since the central co-operative societies are composed of the local societies, these three executive bodies must necessarily consist of representatives of the latter societies. The board of management is composed, in addition to the delegates of the affiliated co-operative societies, also of experienced commercial men, most generally two, who are not representatives of the local societies but employees of the central society. Their mandate includes the general management of the business and certain legal acts, the limits of which are accurately defined by the internal regulations.

Other business requires the approval of the other members of the board, who are generally in the proportion of three to five. The council of supervision holds several meetings a year, in which it examines the work of the management, the amount of credits granted to the co-operative societies and especially the yearly balance sheet and accounts which are drafted by the board of management. The general meeting is held once a year, each affiliated co-operative society sends a delegate to it with right of vote. The general meeting passes the annual accounts, endorses the action of the board of management for the previous year, and proceeds to the election of the boards for the coming year. In addition, the general meeting is free to take all sorts of initiatives, provided the rules or the law do not require a certain majority of votes.

Its relations with the affiliated societies are absolutely commercial.

The societies receive at fixed intervals from the central society, price-lists informing them accurately as to the state of the market. Orders are based on these tariffs or on subsequent written agreements. Settlement of the societies' shares is made in cash or by debiting their account at the central co-operative bank, of which most of the societies are also members and with which they have already credit accounts. The great advantage of the central co-operative sale and purchase societies in the purchase of farm requisites, lies precisely in the possibility of settling their credits with the affiliated societies by means of the central co-operative bank.

Thus, in the first place, is avoided the increase of the working capital of the central co-operative sale and purchase societies, certain to be caused through the extension of business, as would happen in a private organ-

isation, since, by the system of balancing the accounts of the societies against each other, the disbursements do not attain too high a figure. The local co-operative societies also derive many advantages from this operation which relieves them of the necessity of watching the dates of maturity, since when an agreement is entered into between the local and the central societies the entry of the debit in the current account most frequently takes place automatically; thus the co-operative societies are not even obliged to insist too much on prompt payments from their members. Even when the local co-operative societies require to have recourse to the credit of the central co-operative bank, they have in every case a cheaper credit than that the central co-operative purchase and sale societies could otherwise accord them. The co-operative societies not associated with a central bank, must regulate their accounts punctually on the date of maturity or else the rate of interest established for arrears of payment is counted against them.

This rate was

| | | | | | | | | |
|----|----|---------|--------------|----------|--------------------|-----|---|--|
| in | 1 | central | co-operative | purchase | society | 4 | % | |
| » | 3 | » | » | » | societies | 4 ½ | % | |
| » | II | » | » | » | » | 5 | % | |
| » | 5 | » | » | » | » | 5.6 | % | |
| » | 2 | » | » | » | » | 1 | % | above the bank rate of dis- count. |
| » | 4 | » | » | » | societies variable | | | |

In order to be affiliated to the central co-operative sale and purchase societies the local co-operative societies must subscribe one or more shares (*parts*).

The condition for acquiring these shares (*parts*) are very various; we shall give here only the most important.

The purchase of the shares of the central co-operative society is regulated as follows:

Breslau - 1 share per 100 hectares of cultivated area.

Münster (Westphalia) — private members, at least 1 share (*part*); co-operative societies, purchasing for an amount not exceeding 20,000 mks., 2 shares (*parts*); from 20 to 50,000 marks, 3 shares; from 50 to 80,000 marks, 4 shares; from 80 to 130,000 marks, 5 shares; from 130 to 180,000 marks,

6 shares ; from 180 to 250,000 marks, 7 shares ; above 250,000 marks, 10 shares.

Neustadt on Haardt - for an amount of purchase of less than 10,000 marks, 1 share ; for each additional 20,000 marks, another share.

Dresden - up to 30,000 marks 1 share ; between 30 and 60,000 marks, 2 shares ; for every 30,000 mks. a new share.

Darmstadt - up to 10,000 marks, 1 share ; from 10 to 20,000 marks, 2 shares ; afterwards another share for every 20,000 mks. up to 100,000 mks.

Berlin - 1 share per 5,000 mks.

In the majority of cases the obligation for the societies to buy additional shares from the central co-operative purchase and sale society varies with the amount of merchandise bought.

§ 6. *Analysis of the Goods.*

As we said, at the beginning one of the chief reasons for the rapid spread of collective purchase of farm requisites was the great risk to which farmers were exposed of receiving inferior articles. We have also seen that in order to assure themselves that the quality provided really corresponds to the price paid there is no other means than that of chemical examination. The central purchase co-operative societies have always obliged farmers to this, and have recommended them to avail themselves of the analysis which the agricultural stations for chemical examination perform gratuitously for farmers. At the same time the central agricultural co-operative societies and the chemical stations have exerted the greatest possible pressure on the wholesale merchants and large producers of these requisites, to make them accept the regulations necessary for guaranteeing the quality and the composition of these articles. Although the just desires of the farmers are not yet altogether satisfied, a great step has, however, been made, and there is now far greater security offered by the dealers in these articles.

Yet the amounts paid every year for the analysis of samples and of merchandise furnished to make up for short measure are considerable: they would be without doubt even larger if the purchasing co-operative societies really got all the goods supplied them examined, but they do not in the case of 80 %. But without insisting further, let us take the figures.

The number of samples analysed and of cases in which there was

found to be short measure, and the amount of compensations paid are shown in the following table :

| Year | Number of Analyses | Number of Samples Showing Short Measure | Total Compensation |
|----------------|-----------------------|--|-----------------------|
| 1909 | 32,897 | 10,011 | 290,183 |
| 1908 | 18,886 | 8,736 | 286,902 |
| 1907 | 21,451 | 8,382 | 250,821 |
| 1906 | 20,662 | 7,262 | 225,674 |
| 1905 | 12,735 | 5,888 | 188,765 |
| 1904 | 12,100 | 4,961 | 144,216 |

The compensation is distributed as follows among the three principal classes of goods bought, manure, fodder and seeds

| Year | Manure | Fodder | Seeds |
|----------------|--------|--------|---------|
| 1903 | 12,592 | 2,987 | 88,257 |
| 1902 | 12,530 | 3,036 | 134,673 |
| 1901 | 9,064 | 2,436 | 59,558 |

When we consider that only a fifth of the goods bought, as we said above, is submitted to analysis, whilst the remaining four fifths, through the negligence of the purchasing co-operative societies, are not examined, we can only greatly deplore such negligence, as so large a sum has been paid in compensation for only a fifth part that has been analysed.

If the central co-operative purchase societies continue to meet with the short measure as above, although they make use of suppliers of acknowledged honesty, and after ten years of incessant propaganda among the societies for the necessity of analysis, we may form an idea of the losses before they began their work of propaganda as well as of the profits made by supplying inferior goods in places where collective purchase has not yet been introduced.

§ 7. *The Working Capital.*

Total Working Capital.

As the figures for the total business have already shown, the central co-operative purchase societies have attained really remarkable importance.

The working capital has also increased. Altogether it was as follows in the various years.

| Year | Number of Central Co-operative Purchase Societies | Total Working Capital |
|----------------|---|-----------------------------|
| 1909 | 27 | 54,420,929 |
| 1908 | 26 | 50,491,100 |
| 1907 | 26 | 42,346,920 |
| 1906 | 25 | 28,704,927 |
| 1905 | 25 | 24,934,595 |
| 1904 | 24 | 24,046,120 |
| 1903 | 23 | 21,656,322 |
| 1902 | 22 | 17,327,803 |
| 1896 | 14 | 2,862,225 |
| 1892 | 7 | 2,034,037 |

The proportion of the working capital to the total purchases in the various years was as follows :

| | |
|------------------------|------------------------|
| 1909 25.48 % | 1904 36.46 % |
| 1908 35.43 % | 1903 37.94 % |
| 1907 33.83 % | 1892 34.— % |
| 1906 31.— % | 1896 23.01 % |
| 1905 30.73 % | 1902 24.08 % |

The working capital shows a large increase, 126 millions from 1906 to 1907 and 8.1 millions from 1907 to 1908.. After 1906 it almost doubled itself in the space of three years. The increase in working capital together with the amount of total business done shows the constantly greater use the individual co-operative societies make of the central purchase co-operative societies. The same proof is given by the proportion between working capital and the total purchases, from which may be deduced the greater or less promptitude of the co-operative societies in paying in the various years.

For example, in 1909 the purchases were almost four times the working capital considered as a whole. At the end of the year the credits opened with the societies were inferior, not in total amount, but in proportion to the total purchases, to those in the preceding years. If the co-operative societies pay slowly, the central co-operative purchase societies must ask a larger credit from the suppliers of goods and of money and the total amount of working capital is higher. The worst years were consequently 1903,

37.94 % ; 1904, 36.46 % ; 1908, 35.43 % ; 1909, 33.83 %. The proportion between the working capital and the total purchases was good in 1896, 23.01 % ; 1892, 24.08 % and in 1909, 25.48 %, almost 10 % less than the previous year.

From the preceding figures we obtain the following average amounts of working capital per central co-operative society.

| Years — | Marks — | Years — | Marks — |
|----------------|------------|----------------|------------|
| 1909 | 2,155,987 | 1904 | 1,001,838 |
| 1908 | 1,941,196 | 1903 | 941,579 |
| 1907 | 1,628,729 | 1902 | 787,628 |
| 1906 | 1,188,197 | 1896 | 204,445 |
| 1905 | 997,384 | 1892 | 290,577 |

In these averages the increases from 1906 to 1907 and from 1907 to 1908, about 50 and 20 % respectively are also important.

The Capital belonging to the Societies.

The amount of capital belonging to the societies — paid up shares and reserve fund — in the various years, was as follows :

| Years — | Actual Payments — (Marks) | Reserve Fund — (Marks) | Total Capital belonging to the Societies |
|----------------|---------------------------------|------------------------------|--|
| 1909 | 7,459,842 | 5,662,191 | 13,122,033 |
| 1908 | 5,476,612 | 4,374,916 | 9,851,528 |
| 1907 | 4,498,788 | 3,654,292 | 8,153,080 |
| 1906 | 3,449,899 | 2,773,549 | 6,223,448 |
| 1905 | 2,476,917 | 1,994,065 | 4,470,982 |
| 1904 | 2,102,299 | 1,426,383 | 3,528,682 |
| 1903 | 1,574,238 | 1,426,788 | 3,001,026 |
| 1896 | 414,657 | 282,162 | 696,819 |
| 1892 | 568,129 | 110,205 | 478,334 |

If we reduce these amounts to percentages of the total purchases, we get the following proportions for the paid up capital, the reserve funds and the total capital belonging to the societies.

They were proportionally to the total purchases :

| Years | Paid up Capital (Marks) | Reserve Fund (Marks) | Total Capital belonging to the Societies |
|----------------|----------------------------|-------------------------|--|
| 1909 | 3.49 % | 2.64 % | 6.14 % |
| 1908 | 3.84 % | 3.07 % | 6.92 % |
| 1907 | 3.59 % | 2.92 % | 6.51 % |
| 1906 | 3.60 % | 2.79 % | 6.50 % |
| 1905 | 3.05 % | 2.45 % | 5.59 % |
| 1904 | 3.18 % | 2.16 % | 5.35 % |
| 1903 | 2.77 % | 2.46 % | 5.23 % |
| 1902 | 1.83 % | 2.62 % | 4.45 % |
| 1896 | 3.33 % | 2.27 % | 5.50 % |
| 1892 | 4.50 % | 0.14 % | 4.64 % |

This capital of the societies increased greatly in total amount, especially after 1906. Since then the reserve funds and paid up capital have increased by more than 100 %.

The increase of paid up capital is due to the adherence of several new societies and to the payment of additional shares due to the increased amount of purchases of the affiliated societies. The reserve funds have increased in consequence of the profits made by means of a wise and efficient administration.

The percentage of such funds to the total purchases remains the same, although the purchases have increased in extraordinary degree, in consequence of the great increase in the capital belonging to the societies themselves. Thus since 1903 it has remained in the proportion of 1 to 16.

Borrowed Capital.

The rest of the capital is made up of the suppliers' credits, advances from banks, specially from central co-operative banks and, finally, capital of various origin, amongst which we must also mention State subventions under the form of loans at low interest. Let us at once give the statistics of this borrowed capital.

| Years | Number of Co-operative Central Purchase Societies | Total Borrowed Capital | % of Total Purchases |
|----------------|---|------------------------------|----------------------------|
| 1909 | 27 | 41,298,896 | 19.33 |
| 1908 | 26 | 40,639,572 | 28.52 |
| 1907 | 26 | 34,193,840 | 27.32 |
| 1906 | 26 | 23,481,479 | 24.50 |
| 1905 | 25 | 20,463,613 | 25.22 |
| 1904 | 24 | 20,517,438 | 31.10 |
| 1903 | 23 | 23,655,296 | 32.71 |
| 1902 | 22 | 15,113,543 | 29.65 |
| 1896 | 14 | 21,165,397 | 17.41 |
| 1892 | 7 | 1,555,703 | 19.— |

As in all the tables considered up to the present, the greatest increase took place between 1906 and 1907 and 1907 and 1908, although the number of central co-operative purchase societies only increased by one in that short period.

Comparing the borrowed capital with the total purchases we may say that in one year it is made use of four times. As to the capital belonging to the bank, which is much less, the proportion as we saw was as 1 to 16.

The average of borrowed capital per central co-operative purchase society and the proportion of it to the capital belonging to the societies was as follows :

| Year | Average per Central Co-operative Society | Proportion of the Capital Borrowed to that belonging to the Societies |
|----------------|--|---|
| 1909 | 1,529,589 mks. | 100 : 315 |
| 1908 | 1,565,060 " | 100 : 413 |
| 1907 | 1,315,150 " | 100 : 419 |
| 1906 | 939,260 " | 100 : 377 |
| 1905 | 819,344 " | 100 : 458 |
| 1904 | 854,893 " | 100 : 638 |
| 1903 | 811,100 " | 100 : 620 |
| 1902 | 686,979 " | 100 : 683 |
| 1896 | 154,617 " | 100 : 311 |
| 1892 | 222,243 " | 100 : 325 |

The proportion of borrowed capital to the capital belonging to the societies very high in the years 1902 to 1904 has continually decreased since 1905.

This may be considered a good sign, because it witnesses to even and continuous progress, but the decrease is a recent matter, due to heavy unforeseen demands on the part of the central co-operative societies which may always be the result of a bad harvest; the formation of the capital belonging to the societies themselves can only proceed very slowly.

For this reason, the central purchase co-operative societies, while aiming at constantly greater consolidation of their own capital, are very eager to provide themselves with sufficient funds at the central co-operative banks. If it had not been possible for the central co-operative purchase societies to have available at these banks continually larger amounts of capital they could not have attained their present proportions.

The organisation of the central banks has been shown to be very well adapted for the fulfilment of their functions in their relations with the central co-operative purchase societies, at the disposal of which they have always been able to place large sums of money.

Classifying this borrowed capital, in the different years, we have :

| Years | Amounts due to Suppliers | Amounts due to the Banks | Other Debts |
|----------------|--------------------------------|--------------------------------|-------------|
| 1909 | 19,062,271 | 110,736,780 | 11,499,945 |
| 1908 | 13,661,518 | 15,449,484 | 11,528,570 |
| 1907 | 16,727,726 | 8,553,763 | 8,912,351 |
| 1906 | 10,279,973 | 8,600,860 | 4,600,640 |
| 1905 | 7,955,264 | 8,512,602 | 3,905,747 |
| 1904 | 7,531,413 | 8,918,886 | 4,167,139 |
| 1903 | 8,143,424 | 5,642,708 | 4,869,164 |
| 1902 | 5,417,327 | 4,542,117 | 5,100,099 |
| 1901 | 3,061,019 | 3,315,549 | 3,003,075 |

These figures clearly show that the central purchase co-operative societies try to obtain a constantly larger credit from the suppliers in order not to be too much in debt to the central co-operative banks.

Whilst the amounts due to suppliers have increased five fold since 1901 and the total debts almost threefold, the amounts due to the banks have only increased threefold. In normal periods this method of profiting as far as possible by credit from the suppliers may indeed succeed, because the wholesale merchant is very ready to deal with a central co-operative purchase society, which regularly buys large quantities of goods and offers every security as to payment.

But in exceptional periods, the central co-operative bank will find itself called on to provide large sums to the central co-operative purchase societies, as is shown by the figures for 1908. In 1908, a year of general rise in price of money occasioned by the great American crisis when the rate of discount of the Bank of the Empire rose to 7 $\frac{1}{2}$, the amount due to the banks was almost double that in the preceding year while that due to the suppliers was 3 $\frac{1}{2}$ millions less than in 1907,

§ 8. *Assets.*

As we divided the total liabilities into capital of the societies themselves and Borrowed Capital, so we shall divide the assets into four groups

(a) Credits with the co-operative societies.

(b) Amounts easily realisable, in securities, bills of exchange or deposited with banks.

(c) Amounts invested in the business (*Betriebsanlagen*), shares (*parts*) in other co-operative societies, warehoused stores, real estate, fixtures, etc).

(d) Miscellaneous assets.

Total assets and credits with the co-operative societies.

The mission of the central co-operative purchase societies. — As we said at the beginning, the mission of these societies is to buy farm requisites for the account of their adherent societies and thus to take the place of the trader by whom the local co-operative societies were formerly supplied.

And just as the trader formerly, so also the central co-operative purchase societies, must give the co-operative societies credit.

In fact, it is not a short credit to expire on maturity; societies working under difficult conditions are often obliged to ask credit for a much longer period, when they are not affiliated to a central co-operative bank, as is frequently the case with the societies for simple collective purchase.

So it is the credits conceded to the co-operative societies which principally determine the total engagements of the central societies. The total assets proportionally to the purchases were as follows:

| Years — | Central Co-operative Purchase Societies — | Total Assets — | Percentage of Total Assets to Total Purchases — |
|----------------|---|----------------------|--|
| 1909 | 27 | 56,080,644 | 26.25 |
| 1908 | 26 | 52,004,037 | 36.49 |
| 1907 | 26 | 43,818,021 | 35.01 |
| 1906 | 25 | 30,976,617 | 32.33 |
| 1905 | 25 | 26,330,075 | 32.45 |
| 1904 | 24 | 25,211,962 | 38.23 |
| 1903 | 23 | 22,030,044 | 38.58 |
| 1902 | 22 | 17,801,322 | 34.93 |
| 1896 | 14 | 3,066,083 | 24.65 |
| 1892 | 7 | 2,073,272 | 25.30 |

There is no need of comment on these figures after what we have already said with regard to the liabilities, as the same remarks apply ; thus the increase from 1906 to 1907 was 13 millions and from 1907 to 1908 more than 8 millions.

The credits to the co-operative societies, forming the principal part of the assets, as a whole, and as percentages of the total purchases and assets, are shown below:

| Years — | Credits to Co-operative Societies — | % of Total Purchases — | % of Total Assets — |
|----------------|--|---------------------------------|------------------------------|
| 1909 | 30,593,926 mks. | 14.32 | 54.55 |
| 1908 | 31,525,305 » | 22.12 | 60.62 |
| 1907 | 27,550,341 » | 22.03 | 62.86 |
| 1906 | 19,825,051 » | 20.69 | 64.— |
| 1905 | 16,722,710 » | 20.67 | 63.3 |
| 1904 | 14,152,247 » | 21.03 | 56.— |
| 1903 | 14,733,968 » | 25.8 | 57.— |
| 1902 | 10,699,844 » | 22.6 | 60.4 |
| 1896 | 1,734,536 » | 13.9 | 56.6 |

As we have already said, the credits to the co-operative societies form almost a fixed amount that may be calculated upon with almost absolute certainty every year. In the years under consideration, beginning with 1896, the percentage of these credits to the assets varied from 54 to 64 %, with an average of 59.48 %. This regularity is worthy of remark, because the total credit to the co-operative societies, considered in itself, often increased by leaps and bounds from one year to another, whilst its relation to the total assets remained almost unvaried.

Amounts easily realisable.

Like all large undertakings managed on commercial principles, the central co-operative purchase societies themselves must have at their disposal easily realisable funds to be able to meet unexpected heavy demands which may be made upon them. These funds are partly in cash, partly

in bills of exchange and partly in securities. In the various years their amount was as follows :

| Years | Cash, Bills of Exchange Securities | % of Total Purchases |
|----------------|--|-------------------------|
| 1909 | 3,110,115 | 1.46 |
| 1908 | 1,847,040 | 1.30 |
| 1907 | 1,974,150 | 1.57 |
| 1906 | 1,124,894 | 1.17 |
| 1905 | 1,107,321 | 1.36 |
| 1904 | 1,267,071 | 1.92 |
| 1903 | 1,361,873 | 2.38 |
| 1902 | 918,689 | 1.83 |
| 1896 | 595,475 | 4.79 |
| 1892 | 514,116 | 6.30 |

In the early years of central co-operative purchase, these societies, amounts were comparatively high, in 1892 6.3 % of the total purchases and about 25 % of the total assets. When the purchase societies began to avail themselves of the credit of the central co-operative banks there was less necessity for keeping these funds at their disposal.

In more recent years, as is seen above, the easily realisable funds do not represent even 2 % of the total purchases and from 2 to 6 % of the total assets.

Funds invested in the business.

We mean by this expression the funds that it has been necessary to invest permanently or for a rather long period in order to place the central co-operative purchase societies in a position perfectly to realise their ends. For this reason first of all we include the shares in the central co-operative banks which the central like the local co-operative purchase societies are obliged to subscribe in order to obtain loans.

Besides these, there are included the stock of goods, the warehouse and furniture, etc., of every kind. The value of these was as follows :

| Years | |
|-------|-----------------|
| 1909 | 16,085,466 mks. |
| 1908 | 12,995,114 » |
| 1907 | 11,095,289 » |
| 1906 | 7,940,370 » |
| 1905 | 6,219,866 » |
| 1904 | 5,049,941 » |
| 1903 | 4,518,348 » |
| 1902 | 4,731,613 » |
| 1901 | 3,026,425 » |

There are, then, large amounts invested in this way. The amount as a whole, has continually increased, although the central co-operative purchase societies have made large repayments every year, precisely under this head.

In recent years, the proportion of these funds to the total assets varied from 25 to 30 %.

The total amount invested in the business is divided as follows under the different heads.

| Years | Shares in other Co-operative Societies | Amount of Goods in Stock |
|-------|--|--------------------------------|
| 1909 | 908,112 mks. | 7,404,265 mks. |
| 1908 | 928,792 » | 5,852,634 » |
| 1907 | 896,718 » | 5,175,263 » |
| 1906 | 579,083 » | 3,619,456 » |
| 1905 | 473,485 » | 2,677,046 » |
| 1904 | 414,224 » | 2,303,364 » |
| 1903 | 380,481 » | 2,070,961 » |
| 1902 | 205,445 » | 2,488,743 » |
| 1901 | 60,513 » | 1,428,066 » |

| Year | Real Estate | Fixtures, etc. |
|----------------|----------------|----------------|
| 1909 | 7,411,749 mks. | 361,340 mks. |
| 1908 | 5,981,370 » | 232,318 » |
| 1907 | 4,873,801 » | 219,507 » |
| 1906 | 3,617,949 » | 123,882 » |
| 1905 | 2,977,574 » | 91,761 » |
| 1904 | 2,200,103 » | 132,250 » |
| 1903 | 2,039,910 » | 126,971 » |
| 1902 | 1,939,659 » | 97,766 » |
| 1901 | 1,427,874 » | 109,972 » |

The amount of the real estate and of the stock of goods has remained almost stationary from year to year, although large amounts have been paid off on the former.

The value of the stock is really much more than appears, because if the annual instalments paid represented at least 10 %, they would be far larger. The share in other co-operative societies, most generally central co-operative banks, has varied little in the last three years, because, on the one hand, the number of central purchase co-operative societies has not increased and, on the other, the principle of restricting as far as possible the participation of central co-operative purchase societies in other business, except only in the central banks, is prevailing more and more.

Miscellaneous assets.

The last class of assets consists of those of various origin, as to which even the balance sheets give no more exact information. Some of the items are included in the common accounts both as credits and debits. The miscellaneous assets amounted :

| in | to |
|----------------|-----------|
| 1909 | 5,178,770 |
| 1908 | 2,200,460 |
| 1907 | 1,310,824 |
| 1906 | 840,639 |
| 1905 | 935,668 |
| 1904 | 297,607 |
| 1903 | 659,727 |
| 1902 | 1,157,755 |
| 1901 | 410,626 |

As we see, the miscellaneous assets have varied greatly with the years, for example, in 1909 they reached a figure they had not before attained, and they were low in 1904.

§ 9. Profit and Loss. Working Expenses.

Certainly it is against the principles of co-operation to seek to realise large profits. But, on the other hand, it would folly for this reason absolutely to renounce all profit making; the societies must realise profits in order to pay the interest on the capital representing the members' shares, and above all in order to form reserve funds. And the reserve funds are indispensable in order to guarantee the existence of the co-operative purchase societies in case of any disaster.

The central purchase co-operative societies have maintained the non-capitalist principles of the co-operative societies without disdaining the cold reasoning of expediency as to the absolute necessity of making fair profits. Still we must say that the best intentions of the central purchase co-operative societies are opposed by the too frequent ignorance of the members of the local societies.

The profits and losses in the various years were as follows :

| Years — | Number of Central Co-operative Societies | Total Profits | % of Total Purchases |
|----------------|---|------------------|----------------------------|
| 1909 | 26 | 1,736,152 | 0.82 |
| 1908 | 25 | 1,519,404 | 1.07 |
| 1907 | 24 | 1,658,014 | 1.17 |
| 1906 | 23 | 1,277,228 | 1.33 |
| 1905 | 22 | 1,395,480 | 1.72 |
| 1904 | 22 | 1,165,842 | 1.76 |
| 1903 | 20 | 576,754 | 1.01 |
| 1902 | 21 | 473,519 | 0.93 |
| 1901 | 20 | 462,179 | 1.25 |
| Total Losses | | | |
| 1909 | 1 | 76,437 | 0.04 |
| 1908 | 1 | 6,467 | 0.05 |
| 1907 | 2 | 186,913 | 0.15 |
| 1906 | 1 | 5,538 | 0.01 |
| 1905 | 1 | 925 | 0.01 |
| 1904 | — | — | — |
| 1903 | 1 | 203,032 | 0.35 |
| 1902 | — | — | — |
| 1901 | — | — | — |

Serious losses, then, have been proportionately rare ; nearly always they have occurred in the grain business. Profits have been sometimes higher, sometimes lower, but with a general tendency to increase. Of course they vary with the central society, in 1909 varying from 14,459 to 434,581 marks.

Classifying these profits, we get the following table for 1909.

Profits

of less than 10,000 marks were made by 3 central societies

| | | | | | |
|-----------|--------------|------------|---------|-----|---|
| » between | 10,000 and | 20,000 mks | » 4 | » | » |
| » | » | 20,000 » | 50,000 | » 7 | » |
| » | » | 50,000 » | 100,000 | » 5 | » |
| » | » | 100,000 » | 150,000 | » 4 | » |
| » | » | 150,000 » | 200,000 | » — | — |
| » | » | 200,000 » | 300,000 | » I | » |
| Above | 400,000 mks. | | I | » | » |

11 central co-operative purchase societies out of 25 made profits of over 50,000 marks, 2 of them making profits of over 200,000 and 400,000 marks, respectively. We cannot certainly call these results bad.

* * *

Like wholesale commercial societies, the central co-operative purchase societies in advancing have of course had constantly larger working expenses. Compared with the total purchases, however, these working expenses seem generally small.

The following table shows the total working expenses and their proportion relatively to the total amount of purchases.

| Year | Total Working Expenses | % of Total Purchases |
|----------------|------------------------|----------------------|
| 1909 | 2,718,434 | 1.27 |
| 1908 | 2,162,897 | 1.52 |
| 1907 | 1,519,839 | 1.57 |
| 1906 | 1,360,526 | 1.42 |
| 1905 | 1,160,106 | 1.43 |
| 1904 | 989,128 | 1.49 |
| 1903 | 832,771 | 1.44 |
| 1902 | 666,462 | 1.39 |
| 1901 | 462,179 | 1.39 |

The proportion of the working expenses to the total purchases has remained almost invariable ; it reached the minimum 1.29 % in 1909 and the maximum 1.57 % in 1907.

Classifying also the working expenses for 1909 we find

| Working Expenses | | | | Percentage of Total Purchases | |
|------------------|------------|---------------------------|--|-------------------------------|--|
| Between | 10,000 and | 20,000 mks in 2 societies | | 2.05 to 2.06 | |
| » | 20,000 » | 50,000 » » 8 » | | 0.50 to 1.93 | |
| » | 50,000 » | 100,000 » » 4 » | | 0.53 to 1.48 | |
| » | 100,000 » | 150,000 » » 4 » | | 0.71 to 3.39 | |
| » | 150,000 » | 200,000 » » 4 » | | 0.96 to 4.61 | |
| » | 200,000 » | 300,000 » » 3 » | | 1.15 to 1.74 | |
| above | 300,000 » | » » 1 » | | 0.87 | |

The cheapest administration is that of the societies with from 50 to 100,000 mks of working expenses, the dearest is that of the class with working expenses between 150,000 and 200,000 marks, but a single society of the class with working expenses of above 300,000 marks shows an exceptionally low percentage of 0.87, thus once more proving that the working expenses diminish with the increase of business. The central co-operative purchase society, which made the largest profit of 434,584 mks, showed 205,127 marks for working expenses, which was 1.15 % of its total purchases.

§ 10. *Final considerations.*

If we summarise these data on the development of the central co-operative purchase societies in Germany, we see how, from modest beginnings, they have become powerful organizations, through the necessity of opposing the tendency of the great commercial producers of farm requisites to concentrate and combine.

We may consider them as a new and not one of the least important means to which German agriculture has been obliged to resort for the defence of the economic progress of Germany ; in them, finally, we see confirmed the idea that co-operative union, as soon as it has learned to know its enemy, succeeds in defeating it with its own weapons.

2. — Influence of the Agricultural Associations and Corporations on the Organisation of the German Labour Market.

Sources :

- Dr. von STOJENTIN-STETIN : Die Arbeitsnachweise der Preussischen Landwirtschaftskammern und ihre Tätigkeit auf dem Gebiete der inländischen Arbeitsvermittlung (*The Labour Bureaux of the Prussian Chambers of Agriculture and their Work in distributing Native German Labour*) in the Arbeitsnachweis, 5th Number ; October, 1911. Vienna.
- Deutsche Feldarbeiter-Zentralstelle (*German Central Agricultural Labour Bureau*). Berichte über die Tätigkeit im Geschäftsjahr 1909-1910 und im Jahre 1910-1911 (*Report on its Working Years 1909-1910 and 1910-1911*).
- Prof. Dr. GERLACH : Ausländische Arbeiter in Deutschland (*Foreign Labourers in Germany*) in the Zeitschrift für Agrarpolitik (*Agrarian Review*), November, 1911, n^o. 11.
- Prof. Dr. STIEDA : Ausländische Arbeiter in Deutschland. Ibidem, September, 1911, n^o. 9.
- Organisationsbildungen von Arbeitgebern und Arbeitnehmern in der Landwirtschaft (*Agricultural Masters' and Labourers' Organisations*) in the Landwirtschaftliche Umschau (*Agricultural Review*), 17th November, 1911, n^o. 46.
- Rückblick auf den landwirtschaftlichen Arbeitsmarkt 1911, (*Retrospective View of the Agricultural Labour Market*).
- Dr. ASMIS, Berlin : Landwirtschaft und Arbeitsnachweisorganisation (*Agriculture and the Organisation of Labour Bureaux*) in the « Illustrierte landwirtschaftliche Zeitung » (*Illustrated Agricultural Review*), 16th September, 1911, n^o. 74.
- Landwirtschaftskammern und Arbeitsnachweise für inländisches Personal (*The Chambers of Agriculture and Work of Labour Bureaux with regard to Native German Labour*) in the Mitteilungen der Zentralstelle d. Preussischen Landwirtschaftskammern (*Bulletin of the Central Bureau of the Prussian Chambers of Agriculture*), 1911, n^o. 41.
- Berichte der verschiedenen preussischen Landwirtschaftskammern für Sachsen, Brandenburg, Pommern, Ostpreussen, etc. (*Reports of the Various Prussian Chambers of Agriculture for Saxony, Brandenburg, Pomerania, East Prussia, etc.*).

§ 1. Necessity for Centralising the Work of Recruiting Agricultural Labourers.

The great progress of the industrial centres together with the depopulation of the rural districts, their natural consequence, as well as the methods applied in farming rendering it more and more intensive, have immeasurably increased the need of the German farmer for foreign labour.

It is difficult, especially in the Eastern and Northern Provinces of the Empire, to find agricultural labourers ready to contract for long periods. So the masters are obliged to obtain foreign labour, through intermediary contractors, for the periods of sowing and harvesting. As always happens in economic changes of this character, time was required for the organization of supply and demand in this connection. The demand for labour from other parts, and especially from abroad, has become more and more accentuated and several defects involved in the recruiting by private persons have been revealed. The private labour bureaux were inadequate, and, in addition, they were a serious obstacle to any sort of control over the movement. In recent years several unions and corporations have endeavoured to centralise the organization of the agricultural labour market. We shall give in the following essay an idea of the results attained by these efforts as shown in the above cited works. For the purpose, we shall examine separately the three chief labour bureaux founded by the Agricultural associations: that of the *Deutsche Feldarbeiterzentrale* (Central German Agricultural Labourers' Bureau), that of the Prussian Chambers of Agriculture, and that of the *Fürsorge Verein für deutsche Rückwanderer* (League for Assistance to the Returning German Emigrants).

§ 2. *The Foreign Labour Market centralised at the Central German Agricultural Labour Bureau.*

It is already some years since a group of the persons concerned, following the example set by the manufacturers in making use of intermediaries to obtain workmen, undertook to organize to some extent the recruiting of foreign agricultural labour. There was in fact an extraordinary disorder and confusion in this matter. To remedy it, the Central German Agricultural Labour Bureau was founded.

The character of this institution is quite one of public utility. And it is in the public interest that the Government has bestowed on it certain special powers with regard to the control to be exercised in the registration of foreign labourers. In the few years it has been working, it has exerted a very useful action, by which it has acquired indisputable merit in reorganizing the agricultural labour market. We shall mention, restricting ourselves to its work in recent years, that this central agricultural labour office in 1908-1909 procured 70,397 foreign labourers, in 1909-1910 76,001, and in 1911, 78,296. In 1910 it provided 23,965 labourers from April to June, and 6,726 from July to September; as compared with 34,462 and 10,272, in the corresponding periods of the previous year. To these

agricultural and industrial labourers the Central Bureau recruits by means of its agents in Russia, Austria, Holland and Belgium, we must add others the society has undertaken to legitimise by special agreement with the Governments of Prussia, Saxony and the other German States. It registers both industrial and agricultural foreign workmen. The number of foreign labourers so legitimised, that is, authorized to remain in the German Empire, is shown below :

| | 1909-1910 | 1910-1911 |
|------------------------|-----------|-----------|
| Agricultural | 374,751 | 387,902 |
| Industrial | 268,182 | 308,123 |

For this registration of foreign workmen to which, on account of insufficient control, all the foreigners occupied in Germany have not yet been subjected, 45 frontier bureaux have been founded up to the present. The advantage of the legitimation is not only that it permits of a general control of the agricultural labour market, but also that it provides the labourers with certificates, which in agricultural regions are more convenient than passports, often written in foreign languages.

It is well to remark also that in many circumstances the Central Bureau has been able to give the workmen effectual assistance. It has begun to exert a very useful action as arbiter between foreign labourers and German masters for the benefit and to the advantage of both parties. In 1908-1909, in 280 cases the workmen, and in 212 cases the masters, appealed to it to settle their differences ; in 1909-1910 there were respectively 523 and 220 cases. Of these 743 cases in 1909-1910 only 47 could not be amicably arranged and in all the others all real or imaginary opposition of interests was got rid of. The Central Agricultural Labour Bureau having succeeded more and more in winning the confidence of the masters and workmen has produced the almost complete suppression, as far as foreign labour is concerned, of the private labour bureaux, the practice of which, to say the truth, was not as correct as it might be. It has had to engage a large number of employees for its head office at Berlin and its frontier offices. In 1910 it had about 1,000 employees.

§ 3. *Tendency to reorganize and centralise the Home Labour Market.*

By means of the above institution German agriculture had succeeded in sufficiently organizing a service for recruiting foreign labourers. But the conditions of the home labour market remained worse. Private agencies were not in a position to keep the balance of labour in the various regions and between industry and agriculture. The associations and

organizations like the Chambers of Agriculture had indeed obtained satisfactory results, but only in their own districts. Finally, there was no co-ordination of these various labour bureaux.

It was only provided for

1st. by the Imperial Law of 1st. October, 1910, laying down uniform regulations for the use of the intermediary labour agents. Special conditions were required for the exercise of this profession ;

2nd. the Assembly of the Presidents of the Prussian Chambers of Agriculture and the *Landes-Oekonomie-Kollegium* agreed to make provision for an efficacious organization of the home agricultural labour market.

The effect of the above law was to limit the action of the private labour bureaux, by encouraging the public offices, but the reorganisation of the home labour market was hastened by the decision come to in the meeting of the boards of management of the Prussian Chambers of Agriculture on the 12th. June, 1911.

This decision was as follows :

1st. The reorganisation of the labour bureaux according to a well arranged plan has become indispensable in certain localities ;

2nd. the agricultural labour bureaux have not only to maintain a balance of supply and demand on the labour market, but more than all to check the tendency to change in those who are employed and to combat the exodus from the country districts ;

3rd. the interests of agriculture can only be efficiently protected when there is practical co-operation among the farmers ;

4th. the Chambers of Agriculture are better adapted than any other institution to undertake the organization of the recruiting of farm labour ; the powers assigned to them by the law and the authority with which they are invested give guarantee of the equal protection of the interests of the masters and of the labourers ;

5th. the constitution and practical organization of the labour offices must be adapted to the special needs and conditions of each locality ;

6th. it is recommended that the Chambers of Agriculture encourage by every necessary means and without delay, the local development of labour offices, and arrange to co-operate with other labour offices of the same character.

This decision which has served to regulate all the further development of recruiting was accepted in full by the permanent commission of the Prussian *Landes-Oekonomie-Kollegium*, for questions of labour. Count von Schwerin-Löwitz, president of the College, exhorted the Prussian Chambers of Agriculture to accept the decision and recommended *them to occupy themselves actively with the well ordered development of labour offices.

At the same time a central bureau was founded at the Landes-Oekonomie-Kollegium to serve as a really active institute of concentration for all the provincial agricultural labour offices. A subvention from the Prussian State was counted upon, similar to that granted to the Federation of the German labour bureaux, which almost exclusively concerns itself with industrial labour, because a well organized public labour bureau is not only an advantage for the farmers but also for the whole State.

§ 4. *Labour Bureaux of the Chambers of Agriculture.*

It may be perhaps well to see what these bureaux have done up to the present, taking as our guides Stojentin's study and the last annual reports of the Prussian Chambers of Agriculture. In fact, through the above decision, the matter of recruiting of labour has fallen almost entirely upon these Chambers. It was their part to bring the already existing bureaux into harmony with the requirements of the various regions, to give them their final development and to complete them. We can derive from the following table an idea of their activity. We shall find in it statistics for the demand for and supply of native German labour during the last five years.

| Office of Chamber | Demand for and Supply of Native German Labourers | | | | | | | | | |
|---------------------|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 1906 | | 1907 | | 1908 | | 1909 | | 1910 | |
| | Demand | Supply | Demand | Supply | Demand | Supply | Demand | Supply | Demand | Supply |
| Koenigsberg | — | 124 | 490 | 60 | 721 | 203 | 472 | 216 | 516 | 236 |
| Dantzig | — | — | — | — | — | — | 549 | 162 | 436 | 156 |
| Posen | 159 | 71 | 202 | 157 | 762 | 213 | 471 | 280 | 653 | 250 |
| Breslau | 500 | 322 | 419 | 311 | 302 | 274 | 640 | 563 | 507 | 341 |
| Berlin | 1,269 | 714 | 1,122 | 609 | 1,073 | 594 | 1,085 | 610 | 1,287 | 718 |
| Stettin | 1,136 | 391 | 1,101 | 587 | 751 | 573 | 1,076 | 704 | 1,042 | 719 |
| Halle | 3,679 | 1,808 | 7,121 | 2,902 | 8,759 | 4,202 | 5,110 | 2,342 | 6,511 | 2,451 |
| Hanover | 838 | 531 | 700 | 565 | 571 | 427 | 491 | 372 | 486 | 377 |
| Münster | 400 | 322 | 580 | 485 | 700 | 601 | 472 | 345 | 614 | 422 |
| Bonn | — | 349 | — | 247 | — | 228 | — | 180 | — | 174 |
| Total | 7,981 | 4,632 | 11,735 | 5,923 | 13,339 | 7,315 | 10,366 | 5,774 | 12,052 | 5,842 |

These Chambers of Agriculture for the most part do their labour recruiting through a single bureau, or a system of independent bureaux distributed over all the provinces and in relation with a central office. The latter system, which is more and more gaining favour with the public, has up to the present been adopted by the Chambers of Agriculture at Halle, Berlin, Hanover and Posen. It is especially widespread in the Province of Saxony, where the demand for season labour is always great, on account of the intensive cultivation and the extent to which beetroot is grown.

In 1910 there were already 14 of these bureaux founded by the Saxon Chambers of Agriculture at work. This organization originated about twenty years ago. The great activity of these labour bureaux of the Province of Saxony is seen in the proportion of labour supplied to that applied for. This proportion was 72.8 % in 1892, 68.2 % in 1900, 77.7 % in 1905, 68.8 % in 1907, 71.9 % in 1908, 78.3 % in 1909, 80.1 % in 1910. In this intermediary service distinction is made between the recruiting of native German labourers, overseers, farm managers, stable boys, women labourers, etc., and that of foreign labourers, mostly field labourers, arranged together with the central agricultural labour bureau. Generally there are practical farmers at the head of the labour bureaux. By preference their headquarters are established in towns where railway lines intersect and near the railway station. The labour offices do a great deal of advertising. Week by week they register the labourers presenting themselves and the applications for labourers. The Brandenburg labour bureau, the organization of which is very little different, had 73 branch offices in 1910. These are not worked by employees of the chambers of agriculture, but by private intermediaries contracting for the work. They are under the control of the Chamber of Agriculture and they must keep in constant touch with the Chamber or its dependent labour bureau. Recently in order to carry out the provisions of the new law with regard to intermediaries, the Chamber of Agriculture has had to undertake the direct management of the most important of these branches. The labour bureau of the Brandenburg Chamber of Agriculture also contributed to arrange disputes. The number submitted to its decision by the masters and workmen, 106 in 1910, are, as we see, less numerous than those submitted to the Saxon Chamber of Agriculture.

Although, owing to the local conditions of East Prussia and Pomerania, the organization of labour bureaux there is different from what it is in the two other provinces we have spoken of, it is no less true that the progress made by them is also quite satisfactory.

In East Prussia a plan was proposed for the institution of district commissions to found a labour office in the chief town of each district. These commissions are dependent on the labour office with headquarters

at Königsberg. They receive special subventions from the State and from some other institutions.

The labour offices recently founded in the Province of Pomerania are of quite special interest. They are not exclusively agricultural in character, but depend on contributions from the districts, communes, Chambers of Agriculture, of Commerce and of Trades. Their principal object is to combat the detrimental action of private intermediaries. It appears from a report, according to which there were 189 professional intermediaries in the province endeavouring to make families emigrate into other regions, that a reorganization of the labour market in Pomerania was of the first importance. After the coming into force of the new law, the Chamber of Agriculture insisted with the central administration that the towns of Pomerania should be obliged to follow its advice in arranging the tariffs of their labour offices. In this way it has succeeded in keeping the rights of the intermediaries within just limits.

It has also stopped the practice then in common use by which the intermediary agents got paid double or even threefold for supplying labour at Berlin and Hamburg, which ended by putting a real premium on the export of labour. It is due to the action of the Chamber of Agriculture that almost everywhere the tariff for supplying labour outside the province has been fixed at half the rate demanded for supplying within the province itself.

However, these measures seem to be not yet sufficient and the necessity is more and more urgently felt of substituting the private by new public bureaux. At Stralsund, on the 1st. February, 1911 a labour office on the lines set forth above was founded by the Chambers of Agriculture, Commerce and Trades with assistance from several neighbouring districts. To judge by its work in the first seven months it is giving very good results: Lately another has been founded at Stolp for the Eastern portion of Further Pomerania. Perhaps it will be well to reproduce here the rules of this association, as given by Herr von Stojentin, for they very clearly indicate its organization.

Regulations of the Public Labour Bureau of Stolp and Adjacent Districts.

I. The following bodies :

1. The town of Stolp ;
2. the districts of Stolp, Schlawe, Rummelsburg, Bütow and Lauenburg ;
3. the Chamber of Agriculture of the Province of Pomerania ;
4. The Chamber of Commerce of the administrative district of Köslin, at Stolp ;

5. The Stettin Chamber of Trades ;
shall constitute an association to found and maintain a public labour bureau at Stolp.

II. The Labour Office shall be able to found branches in the districts indicated in paragraph 1.

IV. This Bureau will derive the funds for its work :

- (a) from fees for recruiting, to be fixed according to a special tariff ;
- (b) contributions from its members ;
- (c) subventions it may receive from Government, associations or private parties.

V. at the head of this bureau there shall be a committee of management.

VI. The committee of management shall be composed of 12 persons :

- 1. A representative of the commune of Stolp ;
- 2. A representative of each of the five districts indicated in par. I, no. 2 ;
- 3. A representative of the Chamber of Agriculture ;
- 4. A representative of the Chamber of Commerce ;
- 5. A representative of the Chamber of Trades ;
- 6 and 7. Two representatives of the labourers, one for agriculture and one for industry. These shall be appointed by the workmen members of the Köslin arbitration board, at an official meeting.
- 8. A president appointed by the Regierungspräsident.

The representatives and their substitutes shall be appointed by the members of the association.

All the members of the committee shall remain in office for three years.

VII. The president may not be either an agricultural or industrial master or labourer. Nor may the representatives of the institutions indicated in § 1.

VIII. The committee shall appoint from among its members :

1st. a vice-president, 2nd. a cashier, and 3rd. a secretary. None of these officers shall be remunerated. Elections shall take place every three years. Any representative may be re-elected.

IX. Notification of the meetings must be forwarded by the president to the committee members in writing, with indication of the agenda. The committee must be called to meet at least once a year. Notification

of the ordinary meetings must be made at least a fortnight beforehand. The calling of the committee meeting is compulsory when asked for by a member of the committee representing any of the federated bodies.

XII. In addition to the above mentioned elections, to the managing committee shall also be submitted :

1. All acts of the financial management relating to sums of over 50 marks and especially the budget and the annual accounts ;
2. disciplinary measures to be taken against the staff of the bureau ;
3. choice of the rooms for the installation of the office ;
4. the supervision of the management ;
5. the settlement of the tariff mentioned in § IV ;
6. the adherence of secondary bureaux.

XIII. With regard to all the business of the labour office not indicated in § XII, the president must consult the staff. On him especially devolves the supervision of the daily administration.

XIV. The present rules shall remain in force for three years.

After the expiration of this period, if one of the members desires to withdraw from the association, or asks for a reduction of its contribution, notice must be given in advance to the president of the committee not later than the beginning of the new working year.

These labour offices of Pomerania certainly still require to be completed. However, they are now the most perfect organisations of the kind in Prussia.

In the other provinces not yet dealt with the labour offices of the Chambers of Agriculture have not had the success that might have been hoped. The principal reason doubtless is that they have not good branch offices. The Chambers of Agriculture of Posen, the Rhenish Provinces and Hanover had at first a fair number of these branches. Later on, most of them were suppressed and it is only recently that it has been decided to reopen them. The Silesian Chamber of Agriculture has scarcely occupied itself at all with home labour recruiting. West Prussia and Westphalia have each only one labour bureau. That of West Prussia belonged, until a short while ago, to a private person; it has now passed into the hands of the Chamber of Agriculture. That of Westphalia could scarcely have made greater progress than it has, for in that province the labour market is chiefly industrial.

In conclusion, with respect to the labour recruiting service of the various Prussian Chambers of Agriculture, it must be admitted that the labour offices have in several provinces attained an almost perfect organization. Most of the others promise well. From the experience it has been possible to make of them in Prussia, the labour bureaux founded by the Chambers of Agriculture, in certain cases in which they have been able to work in unison with other public institutions, have shown that they are perfectly adapted to regulate the home labour market.

§ 5. *Organizations of Masters and of Labourers in connection with the Agricultural Labour Market.*

If we now speak of the organizations of agricultural masters and labourers, at least of those it has been attempted to realise in recent years and on which there has been much discussion in the papers, and consider their influence on the agricultural labour market, it is only to show that institutions of this kind which have unfortunately become indispensable for the industrial labour market, have no justification in that of agricultural labour and would only be injurious. The formation of agricultural organizations of masters and of workmen in Germany is quite a recent matter. In the older provinces of the Prussian Kingdom, labourers' organizations could not at first be formed, for the Prussian "allgemeines Landrecht" governing them did not admit the right of association, for the agricultural labourers. The Socialist Federation of German Peasants, Woodcutters, and Vinedressers, formed in Berlin in the spring of 1909, is without any importance for the agricultural labour market. The 11,000 members it now has are a small matter in comparison with the seven million agricultural labourers of Germany. So one can scarcely look to it in the future for the organization of the labour market.

It might have had an indirect influence, if a certain number of farmers, feeling their interests threatened, had been driven to found masters' associations, like that founded at Neumünster on the 2nd. October, 1905. Aided by eleven bureaux in the most various cities of Germany, this federation provides the Schleswig-Holstein market with labour. In 1909 it supplied 3,541 labourers and in 1910 7,798. However remarkable its action, it is really fortunate that the other agricultural centres have recognised that neither masters nor workmen are suited to organize the agricultural labour market. The same conclusion also has been come to both by the Halle Chamber of Agriculture and the special commission of five members, appointed in February by the Prussian *Landes-Oekonomie-Kollegium* to study the question of agricultural labour. An agricultural masters' association founded by a few farmers at Pyritz in Pomerania

in the autumn of 1909 was dissolved at the suggestion of the Pomeranian Chamber of Agriculture. Thus the Schleswig-Holstein Federation now remains alone in Germany, and it is not probable that others of the same character will be formed.

§ 6. *The Society for Assistance to Returning Emigrants.*

The object of this society, the foundation of which is due to the Chamber of Agriculture, is to procure Germans who wish to return home the means of living either as agricultural or forestry labourers or as settlers in the home settlements. Although the number of recruits has not been high and probably will not increase greatly in the near future, the attempt is of great importance in a country like Germany which has need of a large yearly influx of foreign labourers. The number of returning emigrants has largely increased, above all in recent years but with a decrease in 1910, when the want of labour made itself felt to a great extent throughout all Germany. Thus there were brought back to German agriculture, 55 families and 94 persons in 1907, 130 families of 545 members and 30 unmarried persons in 1908, 199 families of 949 members and 71 unmarried persons in 1909, and finally 159 families of 806 members and 43 unmarried persons in 1910.

The organisation of the agricultural labour market appears then almost perfect both as to the number and the co-ordination of the various institutes realising it. If these institutions continue in the way they have begun, the day is not far off when those concerned will be able to have at their disposal regular and complete information as to the entire supply of and demand for labour in Germany.

II. — BIBLIOGRAPHY.

Publications of Recent Date Relating to Co-operation and Association.

- Jahrbuch des Reichsverbandes der deutschen landwirtschaftlichen Genossenschaften für 1910 (*Yearbook of the Federation of the Agricultural Co-operative Societies of the German Empire. 17th Year*) 17. Jahrg. Darmstadt, 1911. 584 Pp. 4°.
- Jahrbuch des Allgemeinen Verbandes der auf Selbsthilfe beruhenden deutschen Erwerbs- u. Wirtschaftsgenossenschaften, e. V. für 1910 (Des Jahresberichts neue Folge). XIV. Jahrg. (52. Folge des Jahresberichts). Herausgegeben von Dr. Hans Crüger, Anwalt des Allgemeinen Verbandes der auf Selbsthilfe beruhenden deutschen Erwerbs- u. Wirtschaftsgenossenschaften, e. V. (*Yearbook of the General Federation of Schulze-Dehitzsch Co-operative Societies, Year 1910, published by Dr. G. Crüger, Representative of the General Federation of the Co-operative Societies*). Berlin, 1911. J. Guttentag, Verlagsbuchhandlung. G. m. b. H.
- Geschäftsbericht der Landwirtschaftlichen An- und Verkaufsgesellschaft "Hessenland," Gesellschaft mit beschränkter Haftung, zu Kassel über das II. Geschäftsjahr vom 1. Juli 1910 bis 30. Juni, 1911 (*Report of the Agricultural Purchase and Sale Co-operative Society, "Hessenland," a limited liability association with headquarters at Cassel, on its 2nd. Working Year from 1st. July, 1910 to 30th. June, 1911*). Landwirtschaftliche Zentral-Darlehenskasse für Deutschland. Abteilung Druckerei und Verlag, Neuwied.
- Zeit- u. Streitfragen (Genossenschaftliche). Begründet v. L. Parisius u. Dr. H. Crüger, fortgeführt v. Dr. H. Crüger. gr. 8°. Berlin, J. Guttentag, 11. Heft. Thorwart, J. Die deutsche Genossenschafts-Bank v. Soergel, Parisius & Co. u. der Giroverband der deutschen Genossenschaften. Ein Beitrag zu den Fragen des genossenschaftl. Grossbankkredits u. der genossenschaftl. Zentralkassen. (*Current Questions and Polemics of Co-operation; founded by L. Parisius and Dr. H. Crüger, continued by Dr. H. Crüger. 8vo. 2nd number. Thorwart, J. The Soergel, Parisius and Company German Co-operative Bank and the Discount Consortium of the German Co-operative Societies. Contribution to the Study of the Credit of the Great Co-operative and Central Banks*) (IV. 97. Pp.) 1911.
- Jahresbericht 1910 des Hessischen Verbandes ländlicher Genossenschaften, e. V., zu Kassel, der Filiale Kassel der Landwirtschaftlichen An- und Verkaufsgesellschaft "Hessenland," G. m. b. H., zu Kassel, der Hessischen Bezirks- Genossenschaftsbank, e. G. m. b. H., zu Kassel, der Hessischen An- und Verkaufsgenossenschaft, e. G. m. b. H. zu Kassel und der Hessischen Siedelungs-Gesellschaft, G. m. b. H., zu Kassel. Erstattet auf dem Verbandstag in Hanau am 20. Juli 1911 (*Report for the Year 1910 of the Federation of Agricultural Co-operative Societies of Hesse, Registered Society with Headquarters at Cassel, of the Cassel Branch of the Central Agricultural Loan Bank for Germany, of the Agri-*

cultural Purchase and Sale Society, "Hessenland," limited liability society with Headquarters at Cassel, of the District Co-operative Bank of Hesse, registered limited liability societies with headquarters at Cassel, the Hesse Co-operative Purchase and Sale Society with Headquarters at Cassel, and the Hesse Settlement Societies. Report presented at the Federal Congress of Hanau on July 1st., 1911) (A. 177).

PAPE, RICHARD : Bedeutung und Einfluss der Genossenschaften auf das wirtschaftliche Leben. Gumbinnen, Verlag der Ostpreussischen Handwerks-Zeitung, 1911. Heft 1 der Sammlungen wirtschaftspolitischer Schriften des Mittelstandes (*Importance and Work of the Co-operative Societies in the Economic Life*. No 1. of the Collection of Middle Class Publications on Political Economy).

AMENT, PAULUS : Beitritt und Ausscheiden bei Genossenschaften nach dem Reichsgesetz vom 1. Mai 1889 in der Fassung der Bekanntmachung des Reichskanzlers vom 20. Mai 1898. Inaugural Dissertation. Würzburg, Lichtenfels, H. D. Schulze, 1911. VI, III. Pages, 600 (*Entrance into and withdrawals from Co-operative Societies in accordance with the Imperial Law of 1st. May, 1889 and the Interpretation given by the Imperial Chancellor in his Circular of 20th. May, 1898*).

FRÖHLICH, GEORG : Beiträge zum Depositenproblem. Banken, Sparkassen und Genossenschaften. Entwurf eines Sparkassen Gesetzes. Berlin, Arthur Tetzlaff (*Essay on the Question of Deposits with Banks, Savings Banks, and Co-operative Societies. Proposal for a Law on Savings Banks*).

DETINGER : Die Kontrollvereine der Rheinprovinz im J. 1909. Bericht über ihre Tätigkeit, erstattet im Auftrage der Landwirtschaftskammer für die Rheinprovinz unter Mitwirkg. v. Dr. J. Frizen IV. 97 S. 1911. nn. 1. (No 2. Veröffentlichungen der Landwirtschaftskammer f. die Rheinprovinz. 1911, gr. 70). (*The Control Associations of the Rhenish Province in 1909. Report on their work rendered by the Chamber of Agriculture of the Rhenish Provinces, in collaboration with Dr. J. Frizen*).

- Die Entwicklung der Landwirtschaft der Provinz Posen in der Zeit von 1906-1910. Bericht der Landwirtschaftskammer f. die Provinz Posen. (144 S.) Lex. 8° Posen, Verlag des Landwirtschaftl. Centralblattes, 1911. (*Development of Agriculture in the Province of Posen during the Period 1906-1910. Report of the Chamber of Agriculture of the Province of Posen*). Jahresbericht der Landwirtschaftskammer für die Provinz Posen für die Zeit vom 1. April 1910 bis 31. März 1911. Posen, 1911. Verlag des Landwirtschaftlichen Centralblattes (*Report of the Chamber of Agriculture of the Province of Posen for the Working Year 1st. April 1910, to 31st. March 1911*).

Bericht über die Tätigkeit des Rheinischen Bauern-Vereins, e. V., und der ihm angeschlossenen genossenschaftlichen Institute während des fünfjährigen Zeitraumes von 1906 bis 1910. (Sonderabdruck aus dem Fünfjahrberichte der Landwirtschaftskammer für die Rheinprovinz) (*Report on the Work of the Rhenish Farmers' Association and the Affiliated Co-operative Society, for the Period 1906-1910*). (Extract from the Five Yearly Report of the Chambers of Agriculture of the Rhenish Province). Bonn, Verlag der Landwirtschaftskammer für die Rheinprovinz, 1911.

Erhebungen über die landwirtschaftlichen Arbeiterverhältnisse der Provinz Posen im Jahre 1910. Bearbeitet von Dr. Gagezow, Geschäftsführer und stellvertretender Hauptgeschäftsführer der Landwirtschaftskammer für die Provinz Posen. Posen, 1911. Druckerei des Landwirtschaftl. Centralblattes, M. Marx, Posen (Arbeiten der Landwirtschaftskammer für die Provinz Posen; No 16) (*The Conditions of the Field Labourers in the Province of Posen in 1910; Enquiry conducted by Dr. Gagezow*).

- Die Entwicklung der Landwirtschaft der Provinz Posen in der Zeit von 1906 bis 1910. Bericht der Landwirtschaftskammer für die Provinz Posen. Posen, 1911 (*Development of Agriculture in the Province of Posen in the Period 1900-1910. Report of the Chambers of Agriculture of the Province of Posen*). Verlag des Landwirtschaftl. Centralblattes Posen.
- Protokolle der XII. Plenarversammlung der Landwirtschaftskammer für das Herzogtum Anhalt zu Dessau am 2. Mai 1911 sowie der Generalversammlung der Anhaltischen landwirtschaftlichen Vereine zu Dessau am 1. Juni 1911. (*Report of the 12th. Plenary Meeting of the Chamber of Agriculture of the Duchy of Anhalt, at Dessau, on the 2nd. May, 1911, and of the Agricultural Association of Anhalt, on June 1st., 1911.*)² Dessau 1911, Druck der Hofbuchdruckerei C. Dünnhaupt (A. 177).
- Mitteilungen über den 52. Allgemeinen Genossenschaftstag des Allgemeinen Verbandes der auf Selbsthilfe beruhenden Deutschen Erwerbs- und Wirtschaftsgenossenschaften, e. V. zu Stettin, vom 8. bis 11. August, 1911 (*Report of the 52nd. General Co-operative Congress of the General Federation of German Co-operative Societies of the Schulze-Delitzsch System*). Berlin, J. Guttentag. VIII. 400 pages. 8vo.
- LAZAR, SMA: Der Sozialismus und die Genossenschaftsbewegung. Dissertation (*Socialism and the Co-operative Movement*) Berlin R. L. Prager. 1911. V. 106 pages, 8vo.
- Die Verbreitung der genossenschaftlichen Verbandsorgane im Reichsverband (*The Diffusion of the Organ of the Co-operative Union in Germany*). "Deutsche landw. Genossenschaftspresse," December 15th., 1911. N° 23, Darmstadt.
- DR. GRB.: Lage und Aussichten des Weinmarktes und der Winzergenossenschaften (*The Present Condition of the Wine Market and of the Wine Societies*). "Deutsche landwirtschaftliche Genossenschaftspresse." 15th. December, 1911. N° 23. Darmstadt.
- Die genossenschaftliche Viehverwertung in Preussen 1910 (*Collective Sale of Cattle in Prussia*). "Deutsche landw. Genossenschaftspresse," 30th. November, 1911. N° 22. Darmstadt.
- Elektrotechnische Beratungsstellen insbesondere der Genossenschaftsverbände (*Electrotechnical Consultation Bureaux and a Glance at those of the Co-operative Federations*). "Deutsche landw. Genossenschaftspresse," November 15th., 1911, N° 21. Darmstadt.
- MAISKY, J. V.: La situation présente de la coopération en Allemagne (*The Present Situation of Co-operation in Germany*). "Messager de la Coopération," N° 2, 1911. St. Petersburg.
- HELLER PAUL: Die Raiffeisenvereine in Deutschland (*Raiffeisen Banks in Germany*). "Oesterreichische Landw. Genossenschaftspresse," December 28th., 1911. N° 202. Wien.
- Durch welche Mittel kann das Molkereigenossenschaftswesen in Deutschland eine neue Belebung erfahren? (*How can a new Impulse be given to the German Co-operative Dairies?*). "Molkereizeitung." January 31st. and February 2nd., 1911, Nos. 9 and 10. Hildesheim.
- Betriebsergebnisse und Erfahrungen genossenschaftlicher Kartoffeltrocknung (*Results and Experiences of the Potato Dessication Co-operative Societies*). "Deutsche landwirtschaftliche Genossenschaftspresse." January 30th. and February 15th., 1912, Nos. 2 and 3. Darmstadt.
- ZOLLIKOFER: Genossenschaftlicher Eierverkauf in Hannover (*Co-operative Societies for the Sale of Eggs in Hanover*). "Deutsche landwirtschaftliche Genossenschaftspresse" January 30th., 1912, N° 3. Darmstadt.
- DR. STIEGER: Der Deutsche Fürsorge-Verein und die Landarbeiternot (*German Assistance Association and the Decrease of Labourers*). "Mitteilungen der Deutschen Landwirtschaftsgesellschaft." February 17th., 1912, N° 7. Berlin.

Errichtung von Arbeitsnachweisstellen für inländische Arbeiter durch die schlesische Landwirtschaftskammer (*The Institution of Labour Offices for National Workmen organized by the Silesian Chamber of Agriculture*). "Zentralblatt der Preussischen Landwirtschaftskammern." January 19th., N° 4. Berlin.

Arbeiten der Landwirtschaftskammer f. die Prov. Sachsen. gr. 8v°. Halle, O. Thiele. 22. Heft. Vietze, A., Die Elektrizität in der Landwirtschaft (*Publications of the Chamber of Agriculture of the Province of Saxony. O. Thiele. Electricity in Agriculture*). (42 S. mit Abbildungen.) 1911.

Arbeiten der Landwirtschaftskammer für die Provinz Brandenburg. Prenzlau. A. Mieck. Heft 3. Fünfzehn Vorträge aus dem Unterrichtskursus für praktische Landwirte und Verwaltungsbeamte (*Publications of the Chamber of Agriculture of the Province of Brandenburg, Prenzlau. A. Mieck. Fifteen Lectures for Practical Farmers and Administrative Officers*). Veranstalet in der Zeit vom 6. bis 11. März 1911 von der Kgl. Landw. Hochschule zu Berlin im Verein mit der Landwirtschaftskammer f. d. Prov. Brandenburg. (143 Pages) 8v°. 1911.

Arbeiten der Landwirtschaftskammer Posen. Lex. 8°. Posen, J. Ebbecke. N. 15. Oehme, M., Die Möglichkeit der weiteren Ausdehnung unserer Viehhaltung durch rationelle Bewirtschaftung der Moorländereien. (*Publications of the Posen Chamber of Agriculture. M. Oehme. The Possibility of Increasing the Supply of Cattle by means of the Cultivation of Marshy Lands*). Vorträge. 1911. (13 Pages). 1911. N° 16. Gagezow. Erhebungen üb. die landwirtschaftlichen Arbeiterverhältnisse der Prov. Posen im Jahre 1910 (8 pages with 2 tables) 1911.

Die Entwicklung der Landwirtschaft der Provinz Posen in der Zeit von 1906 bis 1910 (Bericht der Landwirtschaftskammer für die Provinz Posen) (*Development of Agriculture in the Province of Posen during the Period 1906-1910. Report of the Chamber of Agriculture for the Province of Posen*). (144 Pages). Lex. 8°. Posen. Verlag d. Landw. Cblts. Posen. 1911.

Jahresbericht üb. die Landwirtschaft im Königr. Sachsen f. d. J. 1910. Hrsg. v. dem Landeskulturrat f. das Königr. Sachsen (*Annual Report on Agriculture in the Kingdom of Saxony. Published by the Board of Agriculture for the Kingdom of Saxony*). (VI., 284 pages) large 8v°. Dresden. J. Pässler, 1911.



CO-OPERATION AND ASSOCIATION

BELGIUM.

I. — CURRENT QUESTIONS.

I. — The Agricultural Associations in Belgium, according to the New Official Statistics (1909).

Sources :

Ministère de l'Agriculture et de travaux publics. Administration de l'Agriculture: - Exposé statistique des associations d'intérêt agricole pendant l'année 1909. Bruxelles - Imprimerie Odry-Mommens. 1911 (*Department of Agriculture and Public Works. - Agricultural Department-Statistical Return of Associations of Agricultural Interest for the year, 1909. - Brussels - Odry-Mommens Press*).

The Department of Agriculture and Public Works has recently published new statistics on the agricultural associations (1) compiled as a result of a special enquiry made in 1910. The data of the return refer to 1909.

The various societies of agricultural interest are divided, as in the previous statistics into five classes :

A. Agricultural Professional Societies (agricultural "comices" and leagues) (*gildes* or professional unions), farmwomen's clubs, poultry keepers', and beekeepers' societies, livestock improvement syndicates).

B. Societies or Syndicates for the purchase of seeds, manure, cattle food, and agricultural machinery.

C. Societies or Syndicates for the sale of milk, the manufacture and sale of butter and cheese (co-operative dairies).

(1) For the form and character of the Belgian Agricultural Associations, see the studies, published in our numbers for December, 1910, p. 59. May, 1911. p. 36, November-December, 1911. p. 31.

D. Agricultural Credit Societies (agricultural counting houses, Raiffeisen rural banks, central agricultural credit banks, Schulze-De-litzsch banks).

E. Insurance Societies (cattle insurance societies and societies for insurance of crops).

We reproduce in the case of each class of association the statistical notices supplied in the above report; the part referring to insurance societies will form the subject of a special notice that will be published, as usual, in the part of the Bulletin specially devoted to insurance.

A. Agricultural Professional Societies.

On the 31st. December, 1909, there were in Belgium 1,634 agricultural societies and federations recognised in accordance with the law of March 31st., 1898 on professional unions. They may be divided as follows :

- 3 Agricultural comices.
- 702 „ leagues.
- 6 Farmwomen's clubs.
- 220 Horned Cattle improvement syndicates.
- 3 Horse improvement syndicates.
- 249 Goat improvement syndicates.
- 1 Sheep improvement syndicate.
- 7 Dog „ syndicates.
- 5 Syndicates for the improvement of dogs for draught purposes.
- 85 Rabbit improvement syndicates.
- 19 Pig „ „
- 15 Beekeepers' societies.
- 19 Horticulturists' „
- 1 Arboriculturists' society (pomologic league).
- 16 Market Gardeners' societies.
- 1 Society against the adulteration of butter.
- 1 Veterinary Surgeons' society.
- 1 Viticulturists' „
- 155 Poultry keepers' societies.
- 5 Beetroot cultivators' societies.
- 11 Chicory „ „
- 8 Tobacco „ „
- 34 Hop „ „
- 22 Strawberry „ „
- 8 Pea „ „
- 1 Agricultural labourers' society.

| | | | | |
|---|---|---|-------------------------|---|
| 4 | Provincial federations of agricultural leagues. | | | |
| 1 | District federation | " | " | |
| 2 | Cantonal federations | " | " | |
| 1 | Chicory cultivators' federation. | | | |
| 1 | Pea cultivators' district federation. | | | |
| 1 | National federation of poultry keepers' unions. | | | |
| 1 | Regional | " | " | " |
| 2 | Provincial federations | " | " | " |
| 2 | District | " | " | " |
| 2 | Provincial federations of horned cattle improvement syndicates. | | | |
| 2 | District | " | " | " |
| 1 | Regional federation | " | " | " |
| 3 | Provincial federations of goat improvement syndicates. | | | |
| 7 | District | " | " | " |
| 2 | Provincial | " | pig | " |
| 3 | Regional federations of hop cultivators' professional unions. | | | |
| 1 | " | " | strawberry cultivators' | |

1,634

1. *Agricultural "Comices"*. — In conformity with the Royal Decree of 18th. October, 1889, regulating their organization and working, the "comices" aim at the encouragement of agricultural progress especially by means of shows, exhibitions and experimental farms.

In 1909 they organized 6 district and 96 cantonal shows and awarded 176,531 francs in prizes. The 160 (1) "comices" had that year 37,855 members, that is, on an average, 237 members per "comice".

Their revenue amounted to 439,584 frs. and their expenditure to 356,035 frs.

The "comices" of each province are united in a federation called the *Provincial Society of Agriculture*.

2. *Agricultural Leagues*. — The reader of this bulletin knows that these institutions, called agricultural *gildes*, are the fundamental nuclei of agricultural association in Belgium, just as the syndicates are in France. They have for their scope the study and defence of agricultural interests; their district is limited to the village, the commune or some communes. Almost all are affiliated to a federation, either cantonal, regional or national. The most important of them is the *Boerenbond* or Peasants' League of which we speak at length in another article in this bulletin.

On the 31st. December, 1909 there were 1,093 agricultural leagues: amongst these 706 had assumed the form of professional unions. The

(1) On the 31st. December, 1908 there were 158 "comices" with 35,288 members.

1,093 leagues had 71,395 members of which 37,707 were affiliated to recognised unions.

The following table shows the distribution of the leagues per province :

| Province | Leagues recognised as Professional Unions | | Unrecognised Unions | |
|-----------------------|--|----------------------|----------------------|----------------------|
| | Number of Leagues | Number of Members | Number of Leagues | Number of Members |
| Antwerp | 5 | 422 | 95 | 7,564 |
| Brabant | 60 | 4,922 | 46 | 5,256 |
| West Flanders | 108 | 10,046 | 57 | 4,674 |
| East Flanders | 49 | 4,500 | 44 | 4,817 |
| Hainaut | 32 | 1,761 | 12 | 946 |
| Liège | 52 | 2,548 | 1 | 49 |
| Limbourg | 14 | 1,324 | 127 | 10,427 |
| Luxembourg | 212 | 7,959 | 5 | 290 |
| Namur | 124 | 4,225 | — | — |
| Total . . . | 707 | 37,707 | 387 | 34,023 |

The agricultural leagues develop their action, as we know, in the field of co-operation and mutuality; the *Boerengilde* has always attached to it a co-operative institution formed among its members. First of all the section for collective purchase of farm requisites is started: societies for this purpose again unite in central societies to deal immediately with the producers or large dealers: as, for example, the purchase sections of the agricultural leagues of the *Boerenbond* are supplied by the *Central Counting house*, which is a large co-operative purchase warehouse (1). And it is the same in the case of the agricultural leagues affiliated to the other large federations.

The leagues further occupy themselves with agricultural credit and insurance, promote the institution of syndicates for livestock improvement, beekeeping, etc., diffuse the principles of agricultural science by means

(1) See with regard to this, the article: « The *Boerenbond* and its Work in 1910 », published in this number of the *Bulletin of Social and Economic Intelligence*.

of journals edited by their federation, assist their members in various legal matters, and find employment for labourers. On the 31st. December, 1909 out of 37,572 labourer members, 6,146 belonged to recognised leagues.

3. *Farmwomen's Clubs*. — We have already dealt specially with these institutions, the object of which is to form good mothers and good housewives, in one of the preceding numbers of this Bulletin (1).

The farmwomen's clubs develop their action by means of circulating libraries, lectures, lotteries, excursions to model farms, shows, etc., and the press.

The following table shows the progress of these associations from their start.

| Years | Number of Clubs | Number of Members | Number of Lectures | Number of Attendants |
|---------------|-----------------------|-------------------------|--------------------------|----------------------------|
| 1906. | 2 | 115 | 4 | 90 |
| 1907. | 14 | 1,961 | 60 | 3,323 |
| 1908. | 41 | 4,466 | 129 | 8,632 |
| 1909. | 65 | 6,162 | 212 | 12,447 |

At present there are about 80 Farmwomen's Clubs in Belgium.

4. *Beekeepers' Societies*. — In 1909, in 173 localities, 346 lectures on beekeeping were arranged under the auspices and with the assistance of the beekeeping federations.

On the 31st. December of that year there were in the kingdom 197 apicultural societies with 5,032 members, with an average of 26 members per society. They are grouped in 8 federations: *The Campine Beekeepers' Society*, with 21 sections, *Brabant Beekeepers' Society* (36 sections), *Brabant-Hainaut Beekeepers' Union* (21 sections), *Hainaut Beekeepers' Federation* (41 sections), *Condroz-Hesbaye Beekeepers' Federation*, (22), *Meuse Basin Beekeepers' Society*, (36), *Mandelvic Society* (5) at Roulers, *Luxembourg Beekeepers' Federation* (15). The *Beekeepers' Syndicate Chamber*, with headquarters at Brussels, is composed chiefly of delegates of the various beekeepers' federations and forms a national committee for the defence of the interests of the beekeepers.

The provinces with the largest number of beekeepers' societies are Brabant, (46), Namur (32), Hainaut (29) and Liège (29). In 1909 197 societies had a revenue of 15,548 frs. and an expenditure of 13,297 frs.

5. *Poultry keepers' Societies*. — The 140 poultry keepers' societies in the kingdom in 1909 had 6,820 members, that is to say an average of 49

(1) See the same Bulletin for May, 1911.

members per society. Of these, 31 are affiliated to the *National Federation of Belgian Poultry Breeders' Societies*: 21 to the *Ornithological League for the Protection of Useful Birds and for the propaganda of the Science of Poultry keeping*; 15 make up the *National Federation of the Professional Poultry keepers' Unions*; 24 societies of the district of Brussels are associated in the *Poultry keepers' Federation* of the same district.

Among the works carried out during the year by the National Federation we shall mention the revision of the *Standards of Belgian poultry*. The various associations promoted 374 lectures in 84 localities.

6. *Horned Cattle Improvement Syndicates* (1). — On the 31st. December, 1909 there were 447 horned cattle improvement syndicates, with 18,705 members owning 56,727 head of cattle entered on the registers of the society. The progress of this branch of association is manifest when we remember that in 1908 the societies were 424 in number, with 17,829 members and 51,516 head of cattle registered. Most of these are spread over the Province of Brabant and East Flanders. For greater unity of action the syndicates are united in provincial groups.

7. *Goat, Rabbit and Pig Improvement Syndicates*. — The Goat improvement syndicates were 425 with 40,260 members possessing 48,505 head of goats: they are almost all in Flanders. In that region there are, besides, 56 rabbit improvement societies with 1,116 members.

Finally, the pig breeders have formed 19 syndicates with 380 members. Most of them belong to East Flanders or to the district of Brussels.

8. *Hop Growers' Syndicates*. — These associations, originating in 1903, have greatly contributed to the improvement of hop cultivation: they develop their action by means of lectures, libraries, experimental farms, visits to model farms, shows, etc.

On December 31st. there were 38 with 1,972 members cultivating 1,090 hectares.

9. *Beetroot Growers' Syndicates*. — On the 31st. December, 1909 there were 85 syndicates the object of which was to determine the weight, waste, etc. of the beetroot consigned by their members to the sugar factories. Some of them, founded in the province of Hainaut, also facilitate collective purchase of seeds. The 85 societies had 3,781 members: the value of the beetroot submitted to examination in 1909 was 5,556,800 frs.

B. Societies for Purchase of Seeds, Manure, Foodstuffs and Machinery.

The report cited gives for 1909 1,123 associations of this character: amongst them, besides the co-operative purchase societies founded under

(1) See in this connection the article, "Association for Livestock Improvement in Belgium", published in our Bulletin, for November-December, 1911.

the law of 1873, also are included the purchase sections of the agricultural "comices" and leagues spoken of above.

Their members were 70,208, the total purchases amounted to 17,944,382 frs., distributed as follows:

| | Frs. |
|--------------------------|------------|
| Seeds | 291,247 |
| Manure | 6,580,445 |
| Fodder | 11,928,524 |
| Machinery | 178,915 |
| Other articles | 360,610 |

C. Societies for the Sale of Milk or Manufacture and Sale of Cheese.

17 Co-operative dairies were founded in 1909: the total number of these has risen to 626. However, the societies actually working are only 521. They have 56,805 members possessing 162,000 cows. During the year the above societies sold as under:

| | Frs. |
|-------------------------|------------|
| Milk | 279,424 |
| Butter | 37,374,255 |
| Cheese | 37,354 |
| Other Produce | 391,869 |

representing an average of 73,096 frs. per society and 671 frs. per member.

D. Agricultural Credit Societies.

The types of Belgian agricultural credit Societies may be reduced to two: the *agricultural counting houses* (1) and the local credit societies of joint and several unlimited liability.

I. — *Agricultural Counting houses*. — These institutions are a kind of committees formed of at least three accredited persons, competent in agriculture, united together by a contract of society of collective title.

They undertake to establish the degree of confidence the borrowers deserve and that of their solvency, etc., to supervise current business and prosecute insolvent debtors: they are jointly and severally liable and receive in compensation a certain *del credere commission*, that is, a premium granted them by the creditor in return for their security. The 1884 Law

(1) See *Bulletin of Economic and Social Intelligence*, August, 1911. p. 204.

authorizes the General Savings Bank (1) to invest a part of its available funds in loans to farmers: the counting houses then work as intermediaries between the Bank and the individual borrowers.

Between 1884 and 1909, 16 *counting houses* were founded; 3 have been dissolved, so that there were still 13 in 1909.

The number of loans granted by the counting houses in course on the 31st. December, 1909 was 3,605, the credit balance was 12,761,020 frs. In 1909 684 loans were granted for 2,353,570 frs.

The amount of most of the loans was over 1,000 frs. The above report draws attention above all to the fact that the action of these institutions is very limited and further that it is not the small and medium farmers who have recourse to them, as the law intended, but the large landowners.

2. *Rural Banks.* — The institutions of the second type are the Raiffeisen rural banks coming under the law of 18th. May, 1873. On the 31st. December, 1909, they were 592 in number but the report quoted only gives special statistics for 458 banks. As we know, (2) the General Savings Bank facilitates the working of the rural banks, as it does that of the *counting houses*, by opening credits for them guaranteed by the Central Banks. At the end of 1909 there were 7 central banks: the most important of them is that of the *Boerenbond* of which we have spoken in another article of this bulletin.

The rural banks, however, have only availed themselves to a small extent of the means offered them by the General Savings Bank; they work almost exclusively with their own funds and those of their respective federations.

In fact, on the 31st. December, 1909, 212 Raiffeisen Banks had opened credits at the General Bank for an amount of 867,732 frs.; they profited by these funds to the amount of 236,227 frs. On the contrary, the 7 central and 257 local banks had in deposit with the General Bank at the same date, either in current account or as savings, a total amount of 5,355,186 frs.

The loans granted to the farmers in 1909 by the 458 banks, answering the list of questions submitted to them by the Department, were 3,944 in number, and 4,162,911 in amount, divided as follows:

| | Frs. | | | Frs. | |
|-------------|-------|--------------|-----|------|-----------|
| Loans below | 250 | | 215 | for | 273,375 |
| „ between | 251 | and 500 | 979 | „ | 440,550 |
| „ „ | 501 | „ 1,000 | 746 | „ | 742,270 |
| „ of | 1,001 | „ over 1,004 | „ | „ | 2,706,516 |

(1) See *Bulletin of Economic and Social Intelligence* August 1911, p. 204.

(2) See *Bulletin of Economic and Social Intelligence*, December, 1910, p. 88 and August, 1911, p. 203.

In contrast with the usual practice of agricultural counting houses, the Raiffeisen Banks grant loans especially to small farmers.

In 1909, 176 loans were guaranteed on agricultural preference mortgage, 256 on mortgage, 140 on pledge, 3,372 on personal security.

Here are a few general statistics on the work of the above 458 banks:

| | | |
|---|---------------|------------|
| Number of members on the 31st. December, 1909 | { farmers | 20,791 |
| | { not farmers | 4,971 |
| Number of loans to farmers | | 3,247 |
| Number of loans to persons not farmers | | 697 |
| Amount of loans granted to farmers frs. | | 3,104,463 |
| Amount of loans to persons not farmers » | | 1,058,448 |
| Amount of deposits made in 1909 by farmers » | | 8,069,926 |
| Amount deposited by persons not farmers » | | 1,672,767 |
| Amount of capital lent by societies in 1909 » | | 1,011,798 |
| Loans in course on December 31st., 1909 » | | 10,936,597 |
| Amount of deposits and of capital received in loans, | | |
| December, 1909 » | | 22,020,786 |
| Reserve Fund, December 31st., 1909 » | | 440,707 |
| Total contributions in kind made by members, Decem- | | |
| ber 31st., 1909 » | | 72,071 |

The situation of the 7 central banks on the 31st. December, 1909, was as follows :

| Headquarters of the Central Bank | Number of Affiliated Local Banks | Number of Credits Guaranteed by the Central Banks, Opened at the General Savings Bank, (in course, Dec. 31st, 1909). | Amount of Credits Opened | Number of Credit Openings arranged directly with the Central Banks, (in course, 31st. December, 1909) | Amount of Credit Openings | Amount of Sums Deposited with the Local Banks | Amount of Reserve Funds |
|-------------------------------------|-------------------------------------|--|-----------------------------|---|------------------------------|---|----------------------------|
| Louvain (1) . . . | 296 | 41 | 199,500 | 40 | 307,000 | 9,075,228 | 26,912 |
| Liège | 35 | 27 | 153,600 | 8 | 34,200 | 59,969 | 1,093 |
| Enghien | 72 | 45 | 226,536 | 7 | 43,000 | 76,329 | — |
| Arlon | 73 | 85 | 240,300 | — | — | — | 3,148 |
| Bruges | 26 | — | — | 6 | 73,000 | 321,994 | 3,973 |
| Ermeton s/Biert. | 10 | 6 | 25,600 | — | — | 431 | 30 |
| Thuin | 10 | 8 | 31,166 | — | — | 378,110 | 85 |
| Total . . . | 522 | 212 | 867,732 | 61 | 458,100 | 9,912,121 | 35,241 |

(1) The Louvain Bank, which belongs to the Boerenbond, has started a land credit division; in 1909 it had granted 80 agricultural loans for an amount of 420,650 frs.

To complete our examination of the work of agricultural credit in Belgium, we shall mention here two people's banks of the Schulze-Delitzsch type, that of Goe-Limbourg and that of Argenteau; they grant most of their loans to farmers and so may be fairly considered agricultural banks. The following was the position of these two societies on the 31st. December, 1909:

| | Number of Loans Granted in 1909 | Amount of Loans |
|----------------------------------|------------------------------------|-----------------|
| People's Bank of Goe-Limbourg . | 1 | 5,200.00 |
| People's Bank of Argenteau . . . | 39 | 45,236.43 |
| Total . . . | 40 | 50,436.43 |

2. — The “ Boerenbond ” (Peasants’ League) and its Action.

Sources :

- BOERENBOND BELGE : Working Year 1909. Report presented at the General Meeting of 16th. May, 1910 by Canon E. Luytgaereus. - S. Th. B. General Secretary, Louvain. I. B. Jstas, 1910.
- Idem for Working Year, 1910.
- Exposé statistique de la situation des associations d'intérêt agricole pendant l'année 1909. (*Statistical Report on the Position of the Associations of Agricultural Interest for the Year 1909*) Department of Agriculture and Public Works. Brussels. 1911.
- A. VERMEERSCH and A. MULLER : La Législation et les œuvres en Belgique (*Legislation and Institutions in Belgium*). Paris. Alcan. 1909.

§ 1. Objects and Organization of the “ Boerenbond ”.

In the monographic study on the agricultural associations of Belgium, published in one of our preceding *Bulletins*, (1) we spoke of the character and aims of the Boerenbond of Louvain, certainly the most important organ of the agricultural co-operative movement of the country.

Before showing the results of the complex activity of this association in the course of the year 1910, as they appear in the last report, we think it well to remind our readers of the essential characteristics of the Peasants’ League. Started in 1890 at the outset of the active propaganda in behalf of rural organization, under the leadership of Abbé Mellaerts, the *Father of the Peasants*, M. Helleputte and M. Hollaert, the *Boerenbond* was invited to gather round itself the *boerengilden*, parochial corporations that may be compared with the Professional Syndicates of France. From this union, as from an elementary nucleus, have issued the numerous co-operative institutions (purchase and sale societies, etc.), capable of giving life to agriculture, and improving the condition of the rural banks. This movement was inspired by Catholic faith and morality. The manifesto of 1st. August, 1890, in fact, assigned a triple mission to the *Boerenbond* : 1st. the defence of the religious, moral and material interests of the peasants ; 2nd. the improvement of agricultural legislation ; 3rd.) the corporate organization of agriculture.

(1) December, 1910. p. 70.

The results of this propaganda very soon answered the expectations of the organizers, for, on the 31st. December, 1910, the League united 531 local associations, that is more than half the *boerengilden* now in Belgium, with 44,500 members. Although it is the typical federation of the Flemish region and the greater number of the societies are scattered over the provinces of Brabant, Antwerp, Limburg, and West Flanders, the action of the *Boerenbond* extends to the whole territory of the State and thus it has come to have the character of a national federation.

The complex work of the League is performed through the medium of various branches :

1. *Counting House for Purchase and Sale.*

Founded under the form of a limited liability company, it possesses a warehouse and a mill (for the manufacture of oilcake from flax) at Antwerp, as well as a branch at Hasselt. A subsection concerns itself with the sale and fitting up of the agricultural machinery and plant used in the dairy.

2. *Central Credit Bank.*

Founded as a co-operative society, this bank to-day unites more than 300 local loan and savings banks of Raiffeisen type. Besides its operations of personal agricultural credit, it also conducts operations of rural land credit. The Central Bank receives from the local banks the funds they cannot utilise for loans to their members and with the help of these funds it grants loans to banks that have not sufficient resources. Every year it proceeds to the inspection of the affiliated banks.

3. *Fire and Life Insurance : Mutual Insurance.*

The mutual cattle insurance societies are grouped according to province, in reinsurance federations ; the societies insuring against accidents in work, the *Caisse commune d'Assurance des Cultivateurs belges* and the *Assurance agricole* have their headquarters at the central office of the *Boerenbond*.

4. *Office for Consultation, Lectures, etc.*

The rôle of this branch consists in legal and technical assistance, inspection of the adherent societies, especially the dairies, propaganda, etc. In addition, the Louvain League protects and assists the Federation of the Live-stock Syndicates, the object of which is the improvement of dairy cows, by means of the selection of the animals (1); and it occupies itself with other institutions formed among its members, such as the *Farm-women's Clubs* (2), *Cercles d'aumonières* (Almoners' Clubs) and *The General Federation of Horticulturists*.

(1) See *Bulletin of Social and Economic Intelligence*, 11-12. 31st. December, p. 33.

(2) See article published in the above Bulletin, May, 1911.

The affiliated societies pay one franc a year to the Federal Bank and have a right to receive the organ of the League (*De Boer* — The Peasant).

The Boerenbond is administered by a *Managing Committee* and by a *Superior Board*. The first consists of a President (1), a Vice-President, 5 Commissioners, a General Secretary (2) and a Treasurer. The General Secretary is charged with the despatch of the current business of all the branches, and, in his quality of priest, is General Almoner of the League and sees "that the spirit of justice and Christian charity" is maintained in the branches and the affiliated institutions.

§ 2. The Work of the "Boerenbond" in 1910.

(1) *The Adhering Associations*. — In the course of the year 1910, the number of the societies belonging to the *Boerenbond* increased by 16: it is now 531. The number of the members is now 44,522, after an increase, in the same year, of 1,353 members representing so many families.

The services performed by the *boerengilden* and their *branches* are continually increasing both in importance and in number, as appears from the various and interesting monographs of associations published in the before-mentioned report.

Thus, for example, the Agricultural Association of *Nieuwenrode* (Brabant), working in the commune of the same name which has 1,400 inhabitants, had 240 members on the 31st. December, 1910. Like the others, it is managed by a president, an *almoner*, a treasurer and a secretary. On the second Sunday of each month, after the Mass, the members meet to deal with business of the purchase department, that is to say, the orders and payments for purchases in the previous month. The association owns various implements that it places at the disposal of its members. The purchase department that had about 100 members in 1910 bought 181,000 kgs. of cattle foods, 55,000 kgs. of chemical manure and lime, 400 kgs. of sulphate of copper, 1,450 kgs. of seeds and 2,000 kgs. of potatoes for planting, altogether amounting to 38,400 francs. The Raiffeisen bank has 124 members; in the same year it received 63,000 francs in deposit and granted 14 loans to a total amount of 11,200 frs. The co-operative dairy with 105 members treated 920,377 kgs. of milk, which gave 34,751 kgs. of butter, that is to say one kilogramme per 26.48 kgs. of milk. The livestock insurance society has 37 members; it insured 75 animals for 28,925 frs. The premium asked by the society is 1.80 %

(1) The present president is M. Helleputte.

(2) Canon Luytgaerens.

of the estimated amount. There are 60 members in the horse insurance society ; these members have 93 horses ensured for 68,700 francs. The fire insurance branch issued through the medium of the *Boerenbond* 68 policies for an insured value of 660,000 francs. The association has, in addition, encouraged the institution of a pension fund, a school mutual society and a farmwomen's club. This example shows the amplitude of the social action of the agricultural *gildes*, which, more than 1,000 in number, and spread over the whole territory of the Kingdom, have become an integral part of the local life and have powerfully contributed to the improvement of the methods of cultivation.

The *Boerenbond* associations are united in cantonal and regional groups, which conduct no business of economic order, but have for their object to encourage the foundation of local societies, to aid them in the performance of their business, and to complete their organization by the formation of new branches.

(2) *Management of the Boerenbond and services of a general character.*

— Besides the ordinary administrative duties, with which it is entrusted, the Superior Board occupied itself in its quarterly sittings with various questions relating to agriculture, rural institutions and agricultural legislation. Amongst the subjects dealt with let us mention, for example, the *exodus from the country districts*, *farmwomen's clubs*, and the *women's movement*, *savings banks*, *rural deposit banks*, etc.

The free consultation department, during this working year, has accomplished a very important work with respect to farms, successions, etc.: we may say the same with regard to the *inspection and control* department. The *holiday courses* organized at the central office of the *Boerenbond* for persons managing rural institutions (cashiers, secretaries, etc.) have given the best results ; the number of attendants, during the year, was 130.

The propaganda of the League for the foundation of *Farmwomen's clubs* has given a new impulse to these women's associations, the object of which is to form good mothers and accomplished farmwomen (1). There are to-day in Belgium about 80 societies of this character. Amongst the organizations due to the initiative of the *Boerenbond*, let us mention the *Almoners' clubs*, founded for the purpose of uniting the spiritual directors of the rural *gildes* for interchange of their ideas and the continually better accomplishment of the mission entrusted to them. There are now four clubs ; one, in the province of Antwerp, has 89 members ; another, in the province of Brabant, has 76 members : West Flanders has one and so has the Province of Limbourg. Finally, to the initiative of the League is also due the *General Federation of Horticulturists*, which aims at the

(1) See Article in the Bulletin of Social and Economic Intelligence, May, 1911.

improvement of horticultural industry, widely extended in the immediate environs of the large urban centres, especially in those of Malines, Louvain and Aerschot, by means of professional education, the study of the markets, and the organization of collective sale. The small farmers will unite in local associations, departments of the rural *gildes*, and affiliate themselves to the General Federation.

(3) *Purchase and Sale Counting-house.* — In 1910, the counting-house bought for the account of the branch concerned 30,643,874 kgs. of chemical manure for an amount of 1,733,371.78 frs., an amount exceeding that of the previous year by 2,273,758 kgs. and by 1,337.53 frs. The chemical manure bought in largest proportion is basic slag of which 8,913,653 kgs. were bought for 337,931 francs. Next in quantity came nitrate of soda, 2,285,804 kgs. for 503,003.66 frs.

As to cattle foods the counting-house bought 33,530,065 kgs. valued at 6,308,209.97 frs.; linseed flour for the amount of 15,588,452 kgs. for 3,395,737.59 frs. The following table shows the development of the Boerenbond purchase department in the last ten years :

| Years | Chemical Manure | | Cattle Food | |
|----------------|-----------------|--------------|-------------|--------------|
| | Kgr. | Frs. | Kgr. | Frs. |
| 1900 | 13,500,555 | 730,761.52 | 6,559,418 | 1,111,168.65 |
| 1905 | 25,621,752 | 1,237,302.98 | 21,265,744 | 3,634,559.23 |
| 1909 | 28,370,089 | 1,732,034.21 | 34,224,780 | 6,616,931.38 |
| 1910 | 30,643,874 | 1,733,371.78 | 33,530,065 | 6,308,208.97 |

There has been a very appreciable increase in the purchase of seeds to almost double that of the previous years as the following figures show :

| | Kgs. | Frs. |
|----------------|---------|------------|
| 1909 | 154,283 | 64,296.45 |
| 1910 | 274,817 | 141,752.88 |

And the following table shows the progressive increase in purchase of seeds in the course of the last decade :

| Years | Kgs. | Francs |
|----------------|---------|------------|
| 1900 | 39,896 | 15,529.35 |
| 1905 | 53,048 | 16,619.47 |
| 1909 | 154,283 | 64,296.45 |
| 1910 | 274,817 | 141,752.88 |

(1) See Article in the Bulletin of Social and Economic Intelligence, May, 1911.

The warehouse of the *Boerenbond* at Antwerp in 1910 delivered 24,062,995 kgs. of produce as against 25,418,039 kgs. in 1909. Linseed flour appears for the amount of 14,181,690 kgs. The new Hasselt branch supplied 2,310,911 kgs. of cattle food and 133, 612 kgs. of chemical manure for a total value of 483,836 frs. The agricultural machinery and dairy equipment delivered in 1910 by the purchase counting-house amounted to a total of 75,422 frs. ; the former to 62,444 frs. and the latter to 12,978 frs.

To sum up, the Countinghouse executed 7,568 orders. Its turnover was 18,380,482.42 frs. and the total business done 51,553,718.49 frs. We give below the financial statement of the counting house for December, 1910.

Assets and Liabilities, 31st. December, 1910.

Assets.

| | |
|-----------------------------------|--------------|
| Real Estate | 322,740.08 |
| Contributions in Kind | 50,000.00 |
| Shareholders | 75,600.00 |
| Furniture, Antwerp Mill | 29,522.00 |
| Goods | 273,287.10 |
| Debtors | 1,234,016.87 |
| Cash in Hand | 1,115.04 |
| Bills to be Collected | 464.00 |

Total Frs. . . . 1,986,745.09

Liabilities.

| | |
|--------------------------------|--------------|
| Capital | 217,000.00 |
| Creditors | 1,704,865.74 |
| Reserve Fund | 4,917.06 |
| Special Reserve Fund | 45,234.64 |
| Credit Balance | 14,727.65 |

Total Frs. . . . 1,986,745.09

Profit and Loss Account.

Liabilities.

| | |
|--|-----------|
| 5 % to Reserve Fund | 736.38 |
| 3½ % Paid up Capital | 294.00 |
| 3½ % Ordinary paid up Shares | 2,905.00 |
| 4 % Preference Shares | 2,000.00 |
| Special Reserve Fund | 8,492.27 |
| In Anticipation of License | 300.00 |
| Total Frs. . . . | 14,727.65 |

Assets.

Net Profit from Working Year, 1910 . . . 14,727.65

(4) *Central Credit Bank.*

Affiliated Local Banks. — In the course of the year 1910, 15 new Raiffeisen Banks adhered to the Central Bank of the Boerenbond, which had thus 304 banks at the end of the year. The following table shows the importance acquired by these banks during the decade 1900-1910 as compared with the total number of Raiffeisen banks in the Kingdom :

| Years | Number of Raiffeisen Banks in the Kingdom | Number of Raiffeisen Banks affiliated to the Central Bank |
|----------------|---|---|
| 1900 | 264 | 171 |
| 1905 | 431 | 215 |
| 1909 | 613 | 297 |
| 1910 | 643 | 304 |

Most of the banks belonging to the federation are situated in the provinces of Brabant, Limbourg and Antwerp.

Credits opened. We know that the General Savings Bank (1) has since 1884 performed the office of a Central Bank for Agricultural Credit and granted loans to the *Agricultural Counting Houses* and *Rural Banks* which were short of capital. Now, the Raiffeisen Banks attached to the Central office of the Boerenbond did not have recourse to this credit even in 1910, since they found in their own federation sufficient means for

(1) See Bulletin of Social and Economic Intelligence, December, 1910, p. 90.

meeting their engagements. In fact in the course of the year the federation opened a credit of 225,000 francs for its affiliated banks.

Between 1897 and 1910, the rural banks of the Boerenbond received the following amounts from two sources :

| | Frs. |
|---|--------------|
| From the Central Bank | 2,363,100.00 |
| From the General Savings Bank | 211,900.00 |
| On the 31st. December, 1900 the said banks owed : | |
| the Central Bank | 728,464.82 |
| the General Savings Bank | 12,500.00 |

Capital of the Central Bank. — On the 31st. December, 1910, the Central Bank had a capital of 4,488,000 francs in 4,488 shares (*parts*). The capital has continually increased, owing to the provisions of the rules: in fact, for each credit of 1,000 francs to an affiliated bank the latter must subscribe one 100 fr. share in the Bank. The following data show the considerable advance in the guarantee fund.

| Years | Number of Shares (<i>Actions</i>) Subscribed | Guarantee Fund of the Central Bank (under the Head of Capital) |
|----------------|---|--|
| 1897 | 220 | 220,000 |
| 1900 | 826 | 826,000 |
| 1905 | 1,884 | 1,884,000 |
| 1909 | 3,875 | 3,875,000 |
| 1910 | 4,488 | 4,488,000 |

Working Capital. — The working capital for the year 1910 was 36,067,466.25 frs. We must observe that the new system of current accounts at the Post Office has greatly facilitated operations between the Central and the local banks.

Savings Deposits. — On the 31st. December, 1910, the deposits of the Central Bank were made up as follows :

• Frs. 11,529,517.89 due from affiliated banks.

„ 453,683.89 „ „ private persons.

Loans on Land. — In 1904, the Central Bank opened a branch for land credit to farmers. The loans are granted both by the local banks and the Central Banks. The latter only does business directly with such farmers as live in a commune where there is no local bank. In this case, borrowers who are not members of the *Boerenbond* do not enjoy the special favours granted to members. The local banks derive the capital necessary for their business from the central bank which obtains it by means of an issue of bonds on land of 100, 200, 500 and 1,000 francs, at $3\frac{1}{4}$ % interest, up to the amount of its mortgages. The bonds are guaranteed by the mortgages and the liability of the banks, unlimited in the case of loans granted by them, limited, but always jointly and severally, in the case of those granted by the Central Bank. As for agricultural credit, the local banks must subscribe a 100 francs share (*quote-part*) for every 1,000 francs borrowed. The loans may not exceed two thirds of the value of the land and they are granted for a term varying from 1 to 29 years ; they are extinguishable in half yearly or yearly payments, right of earlier repayment being reserved.

In the year 1910, the Central Bank granted 96 loans through the medium of the local banks for an amount of 351,665 francs and it paid up directly 207,580 frs. in 40 loans, or altogether 136 loans on land representing 599,245 frs. The most important amounts have been distributed in the Province of Antwerp (161,875 francs) and in that of Brabant (248,900 frs.).

Since its foudation the Land Credit Department has granted the following loans.

| YEAR | Trough the Medium of Local Banks | | Directly | | Total | |
|------|-------------------------------------|-----------|----------|-----------|--------|-----------|
| | Number | Amount | Number | Amount | Number | Amount |
| 1904 | 21 | 71,600 | 15 | 77,800 | 36 | 149,400 |
| 1905 | 62 | 394,100 | 26 | 68,440 | 88 | 462,540 |
| 1906 | 37 | 149,500 | 48 | 226,840 | 85 | 376,340 |
| 1907 | 36 | 265,600 | 41 | 160,550 | 77 | 426,150 |
| 1908 | 45 | 205,000 | 38 | 204,520 | 83 | 409,520 |
| 1909 | 54 | 300,150 | 26 | 120,300 | 80 | 420,650 |
| 1910 | 96 | 351,695 | 40 | 207,550 | 136 | 559,245 |
| | 351 | 1,737,645 | 234 | 1,066,200 | 585 | 2,803,845 |

The loans on mortgage, according to their importance, were as follows:

| Loans | | Granted through the Medium of Local Banks | Direct Loans | Total |
|-----------------|--------------------------------|--|--------------|-------|
| Between | 1 fr. and 1,000 frs. | 67 | 31 | 98 |
| » | 1,001 frs. » 2,000 » | 99 | 65 | 164 |
| » | 2,001 » » 3,000 » | 67 | 52 | 119 |
| » | 3,001 » » 4,000 » | 40 | 22 | 62 |
| » | 4,001 » » 5,000 » | 18 | 19 | 37 |
| » | 5,001 » » 10,000 » | 28 | 21 | 49 |
| » | 10,001 » » 20,000 » | 25 | 19 | 44 |
| » | 20,001 » » 30,000 » | 3 | 1 | 4 |
| Above | 30,000 » | 4 | 4 | 8 |
| Total | | 351 | 234 | 585 |

Most of the loans on mortgage were granted for purchase or building of houses, for purchase of land or repayment of debts. 42 loans out of 585 granted have been repaid in full and on 99 others special repayments were made, the amount of which exceeded 300,000 francs.

Relations between the Central Bank and the Local Banks. The business relations between the Central Bank and its affiliated banks were regulated until recently by the agencies of the National Bank; but as several banks were at a distance from the agencies and had to send their money by insured letters, it was decided that they should pay their capital into the post offices to the credit of the current account of the Central Bank. In this way expenses have been reduced to a minimum.

3. Inspectors of the Central Bank regularly visit the affiliated banks to control their management and their accounts: they made 337 inspections in 1910.

Operations of the Affiliated Local Banks. — The report of the secretary of the Boerenbond, from which we reproduce these notes, gives no statement of the operations conducted by the affiliated banks in 1910 because

they had not sent the necessary information in time. We therefore give the reader the data relating to the working year, 1909 :

| | |
|--|---------------|
| Number of affiliated banks, 31st. December, 1909 | 297 |
| Number of members | 21,495 |
| Amount of deposits since date of foundation . . frs. | 51,958,242.00 |
| Amount of deposits on 31st. December, 1909 . . » | 19,081,468.00 |
| Amount of loans since foundation » | 22,600,168.00 |
| Amount of loans outstanding, 31st. Decem- ber, 1909 » | 9,373,632.00 |

Profits of the Central Bank. — The accounts of the Central Bank for the year 1910 show a total of 19,197,128 frs. The profits amounted to 4,439,53 frs., distributed as follows : to the reserve fund (10 %) : Frs. 443,95 ; to shareholders (3 %) : Frs. 1,410.88 ; to the special reserve fund : 2,584.70 frs.

5) *Insurance Department :*

As we observed above, the *Boerenbond* also has a department for fire, cattle and life insurance. We shall inform the reader as to the work of this important office in the part of the Bulletin dealing specially with insurance.

II. — BIBLIOGRAPHY.

Publications of Recent Date Relating to Co-operation and Association.

(a) Official Publications:

Exposé statistique de la Situation des Associations d'intérêt agricole pendant l'année 1909 (*Statistics of the Associations of Agricultural Interest for the year 1909*). Ministère de l'Agriculture et des Travaux publics. Administration de l'Agriculture. Brussels. 1911.

(b) Publications of the Organizations:

Annuaire coopératif 1912 (*Yearbook of the Co-operative Societies*). Office coopératif belge. Antwerp.

LUYTGAERENS E.: Boerenbond Belge Exercice 1910. Rapport présenté à l'assemblée générale du 5 Juin (*Belgium Boerenbond or Peasants' League. Working Year, 1910. Report presented to the General Meeting of 5th. June, 1911*). Louvain, 1911.

(c) Other Publications:

ROUSSEAU E.: L'œuvre d'une classe. Histoire documentée de la Société coopérative des ouvriers du Centre: "Au progrès" à Jolimont (*The Work of a Class. History, supported by Documents, of the Co-operative Society of the Workmen of the Centre: The "Progress" of Jolimont*). Gand. Volksdrukkerij, 1911.

VILBERGH E.: Le crédit agricole en Belgique. Les Caisses Raiffeisen de Riller et de Berthem (*Agricultural Credit in Belgium. The Riller and Berthem Raiffeisen Banks*). *Revue Générale agronomique*) Brussels. Numbers for May, June, July and August, 1911.

CO-OPERATION AND ASSOCIATION

CANADA.

I. — QUESTIONS D'ACTUALITÉ.

I. Co-operative Fruit Associations in Ontario.

The following sketch of the Co-operative Fruit Associations in Ontario is summarised from a Bulletin on "Agricultural Co-operation" published by the Department of Agriculture of the Province. (1)

There are, it appears, thirty-six so called Co-operative Fruit Associations in Ontario. These may be roughly divided into three classes: (1) Apple Associations, shipping mainly to distant markets. (2) General Fruit, i. e., apples, pears, plums, peaches, cherries, berries, etc., shipping to home and distant markets. (3) Small Fruit, chiefly berries, shipping mainly to home markets.

These may be again divided into stock companies proper and co-operative societies, or stock companies operating after and seeking to realize the co-operative plan. Nearly all the Small Fruit and some of the General Fruit societies are rather loosely organized but truly co-operative. The others have all organized with co-operative intent, but, through lack of knowledge, have in several cases fallen short of what they sought. An examination of typical societies of each class will perhaps be the best way to study them.

§ 1. *Apple Shipping Societies.*

The Forest Fruit Growers' Association offers one of the best examples of a simple form of organization. It is truly co-operative. There is no share capital and it depends on deposits of buyers for working capital.

(1) S. E. TODD: "Agricultural Co-operation". *Bulletin* 192. Department of Agriculture, Toronto, Canada 1911, 52 pp.

It rents a shed and packs most of the apples in this shed. Sales are made F. O. B.; each buyer is required to pay into the bank a certain percentage of the price before the fruit is shipped and the remainder within so many days. The society then pays to each member a certain price per barrel, reserving a little more than sufficient to pay expenses. At the annual meeting all remaining moneys are paid to the growers according to the business done with the society. The only person who is paid — besides necessary employees — is the secretary-manager, who receives a commission of five cents per barrel on the total pack. The average annual pack is about 7,000 barrels. There are about 45 members and the society is steadily growing.

The Oshawa Fruit Growers' Association is a joint stock company, composed of the members of the society which owns a central packing house and charges so much per barrel for handling through the packing house. All fruit is packed at this house. Revenue from charges for the use of the packing house is used to provide a fund out of which expenses are paid and also a fixed dividend of 6 per cent on the stock. The society proper is co-operative and does not differ essentially in its workings from the Forest Association except that sales are made largely by consignment. The value of the plant is about \$5,000; the capacity of the frost-proof storage is about 8,000 barrels; the membership is 75, and the average pack about 8,000 barrels of apples.

There is a number of smaller societies, as well as large ones, organized either on the Forest Fruit Growers' Association plan or as stock companies, having an annual output of from 1,000 barrels upwards. These societies in many cases have been the victims of lack of knowledge on the part of the men, who did not understand the principles of co-operation and business.

§ 2. *General Fruit Associations.*

The Burlington Fruit Growers' Association is the oldest society in Ontario. It is remarkable for its simplicity of form. It has neither constitution nor by-laws, no warehouse or capital in any form, but only a verbal agreement between the members. Each grower packs his own fruit and it is shipped under his own name and on its individual merits. There is a manager who orders cars for shipment, directs growers when to deliver fruit, pays over to each grower the price that each shipment of fruit has brought, and attends to other details. For this he is paid a small commission. The officers of the society are a President and Board of Directors. The continued activity of the society is good evidence of its usefulness.

The St. Catharine's Cold Storage Company is a joint stock company working towards the co-operative ideal. It is a good example of a com-

pany which, though organized in a wrong form, yet by working steadily in the direction of true co-operation, has evolved towards the co-operative form. It has a mechanical cold storage plant valued at \$13,000 and a working capital of \$2,000. A part of the capital was secured by selling shares. The remaining capital was secured by mortgage on the property. The debt has been entirely paid off by the addition of new members, who took stock, and by applying the dividends on the stock to this purpose. Working capital has also been provided.

The fruits shipped consist of apples, pears, peaches, plums, cherries and grapes, with an increasing quantity of other fruits and vegetables. The sales of fruit amount to about \$75,000 annually.

The society handles considerable quantities of supplies for its members and others. It handles fruit for, and sells apples to, non-members and gives to them one-half as much profits per dollar as it returns to members. It handles all kinds of fruit packages, spray-pumps and other machinery, ladders, etc., seeds, fertilizers and spraying chemicals. It has become the temporary wholesale agency for the federation of fruit associations. In 1908, the supplies amounted to about \$27,000 and in 1909 to \$40,000. The society charges a little less than regular market prices and then rebates to members and to non-members buying through the association and selling their fruit in the same way, a percentage based on business done with the society.

The Grimsby Co-operative Association is a society of seven members, who own nearly 500 acres of land, largely planted with fruit. The stock is all held by the members and in equal portions. The management of such a society is very simple as compared with that of the St. Catharine's Association.

§ 3. *Small Fruit Associations.*

The Dunnville Fruit Growers' Association is perhaps one of the best examples of this class of association. There are about 35 members. Fruit is shipped to local markets. Each member grades his own and ships it under his own name. The society is incorporated without share capital. Its chief activity is in buying fruit packages, aiding in securing good markets for fruit and disseminating useful knowledge by arranging for meetings, etc. These societies are nearly all local branches of the Ontario Fruit Growers' Association, whose object is the advancement of fruit growing interests generally, but which is not a trading society. A number of these local units are slowly growing into co-operative societies for buying and selling purposes.

§ 4. *Management and Expenses.*

All the associations have practically the same arrangements for government of the societies. A President, Vice-President, Secretary (who is usually manager), Treasurer and Board of Directors, varying in numbers according to the size of the society and territory covered. Expenses are met by a straight charge per package. Some of the apple associations, that pack in the orchard, charge the time spent at each place to the individual. Some charge an annual membership fee. Directors usually work gratis, but some societies allow \$1.00 to \$1.50 and mileage for each meeting held. The President usually works gratis, but is sometimes paid from \$20 to \$70 per year.

One association with an output of from 1200 to 1500 barrels per year pays its manager \$2.00 per day for superintending the packing and the loading of the cars. Four associations with packs running from 2,000 to 8,000 barrels per year pay 10 cents per barrel to the manager. One of the largest associations with an output from 20,000 to 40,000 barrels per annum pays 20 cents per barrel to its manager, but he is required to pay from that all of the expenses of inspection, bookkeeping, etc., which would amount to at least \$2,500 or \$3,000 a year. Two associations with large outputs pay a straight salary of \$1,000 and \$1,500 per annum, allowing also a small percentage on all supplies sold to the members. Of the newer associations the majority are paying 20 cents per barrel, the manager to defray out of this amount all bookkeeping and other office expenses.

2. Farmers' Institute Clubs in Canada.

In the article entitled "Agricultural Organization in Canada" published in the October issue of our Bulletin, reference was made to the Farmers' Institute (1) which was stated to be one of the most widely distributed agricultural agencies in Canada. It is a purely provincial movement, each province conducting its own system. The Province of Ontario was the first to organize Farmers' Institutes, of which it now has upwards of one hundred in operation, distributed over the entire agricultural portion of the province. The work is directed from the seat of the Provincial Government by a superintendent who, in co-operation with the secretaries of local Institutes, arranges series of public meetings and provides one or more speakers or lecturers for each. At first only platform lectures were given, later meetings were held in field and orchard, and in public yards and buildings where farm animals could be brought before audiences who were taught by demonstration how to judge the various classes of live stock. In recent years a new development has been brought about in the form of Farmers' Institute Clubs. These are in reality finer divisions of the rural public into smaller organizations which meet together at frequent intervals during the less busy seasons of the year for social and intellectual culture and the advancement of the welfare of the community.

The organization of Farmers' Institute Clubs is the direct result of an appeal by the provincial Department of Agriculture. Many counties have responded by forming not only one or two clubs but several have formed from six to a dozen clubs and one has thirteen of these organizations to its credit. This particular county has formed a central organization for the purpose of furthering the interests of the individual clubs, systematizing the work and giving encouragement and assistance to each other.

During the series of Farmers' Institute meetings carried on in the year 1907-08, an effort was made to organize, at a few of the most suitable points within the province, Farmers' Institute Clubs. A circular was issued to officers of Farmers' Institutes throughout the Province, and to speakers making a short preliminary announcement regarding the method of organization, together with a few notes upon the value of Farmers' Institute Clubs. The speakers, in addition to the above, were supplied with literature dealing a little more fully with the matter, showing the

(1) *Bulletin of Economic and Social Intelligence*, 2nd Year, No. X, page 36.

value that Clubs might have to the farmers of the Province if they made full use of them. In this literature, attention was called to the value of frequent meetings, and of the opportunity to discuss more fully amongst themselves the local problems which affected the farmers in any one community. Attention was also called to the opportunity that such meetings would give to cultivate amongst the members ability to speak in public. These features and others were more or less commented upon, and as a result, some sixty clubs were organized during the winter of 1907-08. This number has grown, up to the end of 1910, to 219, most of which are accomplishing excellent results for the betterment of communities in which they have been formed.

While the success of Farmers' Institute Clubs depends almost entirely upon the efforts of local men, the Superintendent of Farmers' Institutes stands ready at all times to assist in organizing and getting under way new clubs. In nineteen counties of the Province, the Department has stationed in central towns, district representatives. These men give valuable assistance in the formation and work of these clubs.

In an appendix to the Annual Report for 1910 of the Farmers' Institutes of the Province of Ontario, dealing with Farmers' Institute Clubs, there is published a suggested constitution and by-laws for such Clubs as follows :

Object. — The object of this organization shall be to encourage and maintain a deeper and more general and intelligent interest in all that pertains to agriculture in the broadest sense, by holding meetings at which farmers may receive and give information, suggestions and experiences and study together how best to improve themselves and help their fellow farmers ; also to afford an opportunity for debate and study to its members that they may thus become accustomed to public speaking and help to develop talent along those lines that might otherwise remain dormant ; to have them present addresses upon subjects relating to farming and dealing especially with the conditions existing in the locality ; to increase the knowledge of and interest in the larger questions (not sectarian or political) of the nation, and which affect the social life and financial position of the farmer ; to create and stimulate an ambition in farmers, especially among the younger men, to be successful in the truest sense, and to not only raise the calling of the farmer to the place it should occupy in keeping with its importance to the State, but also to make use of his successes opportunities and power to make Ontario a still more desirable Province to live in.

CONSTITUTION.

Article 1 — Officers.

Section 1. — (a) The officers shall consist of a President, a Vice-President, a Secretary-Treasurer, two or more Directors and two Auditors.

(b) The Executive shall consist of the President, the Vice-President and the Secretary-Treasurer. (Quorum, 2).

(c) The Board of Directors shall consist of all officers except the Auditors. (Quorum, 3).

(d) Committees may be appointed at the organization meeting, at a regular meeting of the Club, or by the Board of Directors, to take charge of such work as may be designated by the members of the society — Programme Committee, Lookout Committee, Experiment Committee, Live Stock Committee, Seed and Weed Committee, Farm Utensil Committee, etc.

Duties of Officers.

Section 2 — Their duties shall consist of such as usually appertain to similar offices in other societies.

Time of Election and Term of Service.

Section 3. — Officers shall be elected annually at the first meeting held after October 1st., and shall serve until their successors have been elected.

How elected.

Section 4. — Officers shall be elected either by ordinary vote or by ballot, according to the desire of those in attendance.

Membership.

Section 1. — Only persons engaged in agricultural pursuits or directly connected in some other way shall be eligible for membership.

The membership fee shall be . . . (10 to 25 cents) per annum and such further assessments as may be decided upon from time to time

by a two-thirds vote of the whole membership. Non-payment of assessment will result in cancellation of membership.

Those who wish to become members of the Farmers' Institute for the riding must pay the regular fee, 25 cents, to the secretary for the riding. It is advised that only one member of each family join the Riding Institute. Membership fee to the local Club is therefore distinct from membership in the District or Riding Institute.

Only those clubs which have twenty-five members, twelve of whom also belong to the Riding Institute, will be entitled to assistance at a special meeting from the Department of Agriculture.

BY-LAWS.

Place of Meeting.

Section 1. — The Club shall meet at least five times a year at such time and place as decided upon by the Board of Directors, or by those in attendance at the annual meeting.

Order of Business.

Section 2. — The presiding officer shall call the Club to order as near as possible to the time announced for the meeting. The following order of exercises shall be observed :

1. Reading and approving minutes of last meeting.
2. Unfinished business.
3. Report of Committees.
4. Irregular or new business.
5. Regular programme.

For the guidance of those who wish to form a club, a line of procedure for an organization meeting is suggested. Timely suggestion for work that may be taken up are given. These include among other things the carrying on of useful agricultural experiments, competitions in the growing of good seed, stock judging, the initiating of such advances as rural telephones, rural mail delivery, improved roads, etc. A large number of subjects, relative to cereals, clover, roots, horticulture, poultry keeping, dairying, live stock and kindred topics are suggested as being suitable for consideration at Club meetings.

In the appendix referred to references are made to work of a more or less special nature that has been accomplished by Farmers' Institute Clubs.

Several Clubs were instrumental in introducing rural telephones, others introduced co-operative buying of such commodities as grass and grain seed, salt, binder twine, etc. One Club procured a railway siding for the convenience of farmers in shipping produce, another secured a new post office and rural mail delivery and still another formed itself into a horse breeding syndicate securing a superior stallion for the district. Out of all this experience is growing an appreciation of the value of co-operation which is likely to spread over the province at a rapid rate.

II. — RECENT NEWS.

Miscellaneous Information.

I. — **Agricultural Experimental Union in Quebec.** — A new movement looking to the advancement of agriculture in the Province of Quebec, Canada has taken form under the name of " L'Union Expérimentale de Québec." It consists of a co-operative society organized under the provincial Act respecting Agricultural Co-operative Societies, Chap. 28, 8 Edward VII.

The organization is the outgrowth of a movement set on foot in the spring of 1909 at the instance of officials of Laval University, Montreal, and of the Agricultural Institute at Oka, who, with the approval of the Hon. the Minister of Agriculture, addressed a circular, setting forth the objects in view, to leaders of agricultural advancement and of agricultural education in the province. The appeal was well received and the project very generally sanctioned. The Union was consequently formed. Its objects are as follows :

(a) Mutual instruction of its members, under competent direction. This instruction will be secured through lectures and local experiments (the latter directed by qualified teachers) ; annual reports and special pamphlets for each industry, the whole as is done by the Ontario Experimental Union.

(b) To give to all the members, by means of publicity, the benefit of the observations and experiments which each individual or group of individuals may make separately.

(c) To develop among our agricultural fellow citizens the spirit of association and co-operation and to put this spirit into practice in all branches of agriculture.

(d) To help the farmers to associate, to form co-operative and mutual instruction societies in order to derive greater profit from our agricultural resources and also to pave the way for the sale of their produce and purchase of materials required on the farm on less onerous conditions.

(e) To promote the development of already existing agricultural industries and to create new ones in order to keep on our soil the largest possible number of inhabitants.

(f) To demonstrate that the interests of the urban and those of the rural populations are common and that the progress and well-being of the one means the progress and well-being of the other in the same proportions.

(g) To cause our agriculture to progress as rapidly as that of the sister provinces by securing for our farmers the technical knowledge which will enable them to raise at a minimum cost products that will command the highest prices in all open markets.

(h) To spread agricultural education throughout our rural districts ; to organize the teaching of agriculture in all the primary schools, secondary institutions and even establishments of higher education ; in fine, to impregnate our whole educational system in all its degrees with agricultural knowledge so as to convince the people that the prosperity and the future of our race are intimately bound up with the prosperity of our agricultural industries.

(i) To direct the efforts of all towards the same end : the common weal. To attain this object, we must apply ourselves to spreading all around us the very simple, but very true notion that *rural life secures true comfort*.

Shares in the society are disposed of to members at ten dollars each payable in ten annual instalments of one dollar each. The liability of each member is limited to the amount of shares held by him.

To carry out the extensive programme outlined by the promoters of the society, fourteen committees have been organized to take charge of the following branches of work : Teaching, Dairy Industry, Horticulture, Agronomy, Rural Roads and Engineering, Apiculture, Sylviculture, Entomology and Botany, Aviculture, Stock Breeding, Publications, Agricultural Statistics, Natural Sciences applied to agriculture and rural economy and Agricultural Co-operation.

Premiums are awarded to members who perform successfully experiments in the various branches of work.

At the end of the year 1910, the society had 212 members. The Provincial Department of Agriculture contributes for its support an annual grant of twenty-five hundred dollars.

*
* *

2. — **Five Years of Co-operation.** — Co-operation in agriculture is spreading rapidly in Canada. It is being applied especially to the industry of apple raising. In the province of Ontario alone thirty-six co-operative societies are in operation while fruit growers in other provinces are rapidly organizing.

In "Farmers' Magazine," published at Toronto, Canada, in the November issue, F. M. Chapman deals with the experience of one co-operative

society of apple growers that has been in operation for five years during which time its operations have grown from the shipment of 5,000 barrels by 20 members in 1906, to 12,000 barrels by 100 members in 1911.

In 1906 twenty apple growers responded to a call to a meeting and each agreed to enter a co-operative scheme that had been worked out by the promotor. Each member contributed one dollar on a ten-dollar stock certificate. The remaining nine dollars were to come out of his all shipment of apples. At the end of the season each member had netted \$1.61 per barrel for his contribution. As a result \$3,000 worth of stock was eagerly purchased and the success of the venture assured.

The Association comprises members in four townships, in the county of Ontario in Ontario province, living within a territory about 12 miles square. It has a central packing house at Oshawa and a branch packing house at Brooklin. Picking and packing gangs go from farm to farm. A cooper is employed to make up the barrels at their central warehouse. Spraying is done co-operatively there having been 160 barrels of lime-sulphur wash used in 1911.

Strict rules for packing, laid down by the management, are faithfully observed. This has brought popularity to the fruit carried in packages bearing the brand of this Association. As a result, good prices are secured for all shipments. The apples of this Association are marketed in Great Britain, the prairie provinces of Canada, in several centres of Ontario as well as certain United States cities.

The value of the organization to the community is recognized by the County Council which body in 1911 contributed one hundred dollars to its funds.

CO-OPERATION AND ASSOCIATION

ITALY.

I. — CURRENT QUESTIONS.

The New Statistical Return of the Co-operative Societies for Production and Labour.

The General Management of Credit and Thrift, Co-operation and Social Insurance at the Department of Agriculture has recently published "Statistics of the Co-operative Societies for Production and Labour entered in the Prefectorial Registers for Admission to Tender for Contracts of Public Works on the date of 30th. June, 1910." (1) This important publication included the data for the composition and working of the societies on the 31st. December, 1909. Two years ago a similar return was made of the co-operative societies registered on 30th. June 1908, giving the statistics up to 31st. December, 1907. The new statistics then may be compared with those of two years ago. The co-operative societies considered in 1908 were 391 in number; in the case of 21 of these no information was forthcoming. To-day the number is 468 and relative to only 7 of them was it impossible to obtain information.

(1) See in relation to these societies the article published in the Bulletin of Social and Economic Intelligence, no. 11 and 12, of 31st December, 1911, page 57, giving the text of the new regulations of 12th February, 1911 for the execution of the various laws on co-operative societies for production and labour and their consortiums.

So much said, let us compare the data of the two returns, on the 31st. December :

| | 1907 | 1909 |
|---|------------|------------|
| Number of Co-operative Societies . . . Frs. | 370 | 461 |
| Number of Members | 62,725 | 65,789 |
| Capital subscribed | 2,244,682 | 2,208,740 |
| Capital paid up | 1,448,614 | 1,503,965 |
| Reserve Fund | 753,652 | 1,185,411 |
| Amount of Labour Executed | 22,497,619 | 29,011,031 |
| Profits realised | 428,010 | 796,243 |
| Losses | 151,870 | 272,172 |

The amounts assigned to the thrift funds for the year, 1909, were given, namely 495,731 francs, for all the societies.

The Abruzzi and Molise possess no registered co-operative societies. In Emilia, on the contrary, the development of these societies has been very great, both in respect to their own number, which is 222 and that of their members, which is 42,650, and to their financial strength.

In the following table the data are summarised according to regions :

| REGIONS | Number of Societies | Number of Members | Subscribed Capital | Paid up Capital | Reserve Fund | Thrift Fund | Works Executed | Profits | Losses |
|------------------|---------------------------|-------------------------|-----------------------|--------------------|-----------------|----------------|-------------------|---------|---------|
| Piedmont . . | 9 | 531 | 80,541 | 71,485 | 47,057 | 140,575 | 1,143,854 | 24,388 | 1,996 |
| Liguria . . . | 15 | 1,494 | 262,179 | 169,540 | 65,057 | 32,098 | 2,034,606 | 54,621 | 11,748 |
| Lombardy . . | 20 | 1,497 | 47,895 | 35,095 | 33,768 | 967 | 1,102,152 | 20,788 | 17,320 |
| Venetia . . . | 44 | 10,512 | 141,951 | 98,955 | 147,143 | 39,191 | 3,047,482 | 58,333 | 27,452 |
| Emilia | 222 | 42,650 | 1,054,697 | 702,771 | 631,756 | 242,594 | 13,850,146 | 433,938 | 74,786 |
| Marches . . . | 10 | 712 | 16,756 | 15,173 | 51,739 | 8,218 | 745,146 | 29,947 | 755 |
| Tuscany . . . | 38 | 3,220 | 85,909 | 69,323 | 48,675 | 11,355 | 1,517,521 | 46,209 | 1,735 |
| Umbria | 4 | 236 | 5,900 | 4,518 | 2,112 | 402 | 182,065 | — | 14,222 |
| Latium | 63 | 2,269 | 383,452 | 262,427 | 121,210 | 14,283 | 3,971,212 | 88,743 | 119,936 |
| Abruz. and Mol. | — | — | — | — | — | — | — | — | — |
| Campania. . . | 8 | 646 | 20,328 | 6,982 | 1,739 | 36 | 236,625 | 10,664 | 46 |
| Apulia | 12 | 857 | 49,105 | 29,499 | 8,571 | 1,734 | 539,861 | 6,705 | 1,102 |
| Basilicata . . | 2 | 66 | 4,080 | 1,689 | 80 | — | 5,191 | — | — |
| Calabria . . . | 3 | 89 | 1,908 | 796 | 405 | — | 46,184 | 7,100 | — |
| Sicily | 17 | 988 | 52,939 | 44,612 | 25,235 | 4,278 | 575,285 | 14,559 | 1,074 |
| Sardinia . . . | 1 | 22 | 1100 | 1,100 | 864 | — | 14,061 | 248 | — |
| Kingdom . . . | 468 | 65,789 | 2,208,740 | 1,593,965 | 1,185,411 | 495,731 | 29,011,391 | 796,243 | 272,172 |
| Kingdom (1907) | 391 | 62,725 | 2,244,682 | 1,448,614 | 753,652 | — | 22,497,618 | 428,010 | 151,870 |

Finally, grouping and summarising the data according to the class of work, we get the following table :

| CLASSES OF WORK | Number of Societies | Number of Members | Subscribed Capital | Paid up Capital | Reserve Fund | Thrift Fund | Works Executed | Profits | Losses |
|--|---------------------|-------------------|--------------------|-----------------|--------------|-------------|----------------|---------|---------|
| Building and work in connection therewith (Painting, ornamenting, etc.) | 149 | 10,694 | 446,592 | 299,540 | 303,032 | 86,102 | 11,169,777 | 280,783 | 69,066 |
| Rough labour, quarrying, mining, farm labour | 107 | 33,471 | 625,041 | 430,550 | 379,588 | 153,253 | 6,243,566 | 184,117 | 49,765 |
| Transport and carriage: work of carters, cabmen, coachmen | 41 | 2,722 | 178,021 | 147,503 | 79,629 | 12,186 | 2,471,216 | 94,391 | 49,576 |
| Work in wood and metal | 32 | 1,147 | 264,346 | 152,940 | 88,295 | 155,704 | 2,169,502 | 66,924 | 8,963 |
| Work in stone, stone cutting, marble cutting, paving, cementing, and pebble work | 39 | 1,422 | 87,973 | 75,883 | 93,774 | 17,662 | 2,266,608 | 42,436 | 42,600 |
| In connection with books, printing and binding | 15 | 1,177 | 349,455 | 212,973 | 62,103 | 5,477 | 1,258,354 | 42,434 | 1,984 |
| Various industries | 11 | 242 | 19,972 | 18,977 | 7,919 | 3,292 | 412,128 | 14,508 | 7,770 |
| Mixed co-operative societies | 74 | 14,914 | 237,340 | 165,599 | 171,071 | 62,455 | 3,020,240 | 70,650 | 42,448 |
| Kingdom | 468 | 65,789 | 2,208,740 | 1,503,985 | 1,185,411 | 495,731 | 29,011,031 | 796,243 | 272,172 |
| Kingdom (1907) | 391 | 62,725 | 2,244,682 | 1,448,614 | 753,652 | — | 22,497,618 | 428,010 | 151,870 |

(Summarised from the above Statistics. Publication of the Department of Agriculture, Industry and Commerce. General Management of Credit, Thrift, Co-operation and Social Insurance. - Rome, G. Bertero, 1911).

II. RECENT NEWS.

I. Work of the Federations and of the Central Institutions of the Co-operative Societies and of the Large Agricultural Associations.

I. — The Rural Banks and Agricultural Co-operative Societies of Collective Title, existing in Italy at the End of the years 1910 and 1911, respectively. — The National Federation of Italian Rural Banks, with headquarters at Rome, had already published a list of all the rural banks and Agricultural Co-operative Credit Societies of Collective Title in the Kingdom on the 31st. December, 1910. It has now brought the list up to date. We summarise it below for the reader, with the data for 31st. December, 1910 and for 31st. December, 1911 in parallel columns for comparison.

List of Rural Banks and Agricultural Co-operative Societies of Collective Title in Italy at the end of the Years 1910 and 1911, respectively.

| Num- erical order | Provinces | 1910 No. | 1911 No. | Num- erical order | Provinces | 1910 No. | 1911 No. |
|-------------------------|-----------------------|-------------|-------------|-------------------------|-----------------------|-------------|-------------|
| 1 | Alessandria | 52 | 51 | | | 370 | 386 |
| 2 | Ancona | 5 | 9 | 13 | Cagliari | 21 | 31 |
| 3 | Aquila | 29 | 43 | 14 | Caltanissetta | 54 | 53 |
| 4 | Arezzo | 7 | 8 | 15 | Campobasso | 6 | 7 |
| 5 | Ascoli Piceno | 30 | 29 | 16 | Caserta | 7 | 9 |
| 6 | Avellino | 6 | 7 | 17 | Catania | 50 | 50 |
| 7 | Bari | 9 | 9 | 18 | Catanzaro | 4 | 9 |
| 8 | Belluno | 12 | 12 | 19 | Chieti | 6 | 9 |
| 9 | Benevento | 6 | 8 | 20 | Como | 15 | 15 |
| 10 | Bergamo | 75 | 73 | 21 | Cosenza | 17 | 17 |
| 11 | Bologna | 87 | 85 | 22 | Cremona | 12 | 13 |
| 12 | Brescia | 52 | 52 | 23 | Cuneo | 58 | 59 |
| | | 370 | 386 | | | 620 | 658 |

| Numerical order | Provinces | 1910 No. | 1911 No. | Numerical order | Provinces | 1910 No. | 1911 No. |
|-----------------|--------------------|----------|----------|-----------------|---------------------|----------|----------|
| | | 620 | 658 | | | 1,124 | 1,169 |
| 24 | Ferrara | 40 | 32 | 47 | Pesaro Urbino . . | 13 | 13 |
| 25 | Florence | 21 | 23 | 48 | Piacenza | 8 | 8 |
| 26 | Foggia | 4 | 6 | 49 | Pisa | 2 | 2 |
| 27 | Forli | 28 | 29 | 50 | Porto Maurizio . . | 2 | 4 |
| 28 | Genoa | 4 | 4 | 51 | Potenza | 11 | 7 |
| 29 | Girgenti | 71 | 75 | 52 | Ravenna | 47 | 47 |
| 30 | Grosseto | 5 | 5 | 53 | Reggio Calabria . . | 3 | 6 |
| 31 | Lecce | 7 | 8 | 54 | Reggio Emilia . . | 30 | 32 |
| 32 | Leghorn | 5 | 4 | 55 | Rome | 66 | 90 |
| 33 | Lucca | 1 | 1 | 56 | Rovigo | 54 | 54 |
| 34 | Macerata | 5 | 5 | 57 | Salerno | 1 | 4 |
| 35 | Mantua | 11 | 11 | 58 | Sassari | 11 | 28 |
| 36 | Massa Carrara . . | — | — | 59 | Siena | 6 | 6 |
| 37 | Messina | 13 | 13 | 60 | Syracuse | 19 | 18 |
| 38 | Milan | 33 | 30 | 61 | Sondrio | 8 | 9 |
| 39 | Modena | 18 | 18 | 62 | Teramo | 2 | 2 |
| 40 | Naples | 2 | 2 | 63 | Turin | 32 | 31 |
| 41 | Novara | 4 | 4 | 64 | Trapani | 24 | 26 |
| 42 | Padua | 73 | 73 | 65 | Treviso | 69 | 69 |
| 43 | Palermo | 79 | 79 | 66 | Udine | 62 | 60 |
| 44 | Parma | 46 | 54 | 67 | Venice | 27 | 27 |
| 45 | Pavia | 20 | 20 | 68 | Verona | 93 | 95 |
| 46 | Perugia | 14 | 15 | 69 | Vicenza | 49 | 48 |
| | | 1,124 | 1,169 | | Total | 1,763 | 1,855 |

The total number of societies for each region of Italy is as follows:

Table of the Societies and Banks, in Regions

| Northern Italy | 1910 No. | 1911 No. |
|--------------------------------|----------|----------|
| 1. Piedmont | 146 | 145 |
| 2. Liguria | 6 | 8 |
| 3. Lombardy | 226 | 223 |
| 4. Venetia | 439 | 438 |
| 5. Emilia | 304 | 305 |
| Total for Northern Italy . . . | 1,121 | 1,119 |

Central Italy.

| | | |
|-------------------------------|-----|-----|
| 6. Tuscany | 47 | 49 |
| 7. Marches | 53 | 56 |
| 8. Latium | 66 | 90 |
| 9. Umbria | 14 | 14 |
| Total for Central Italy . . . | 180 | 210 |

Southern Italy.

| | | |
|--------------------------------|-----|-----|
| 10. Abruzzi and Molise | 43 | 61 |
| 11. Campania | 22 | 30 |
| 12. Apulia | 20 | 23 |
| 13. Basilicata | 11 | 7 |
| 14. Calabria | 24 | 32 |
| Total for Southern Italy . . . | 120 | 153 |

Insular Italy.

| | | |
|-------------------------------|-----|-----|
| 15. Sicily | 310 | 314 |
| 16. Sardinia | 32 | 59 |
| Total for Insular Italy . . . | 342 | 373 |

(Summarised from *Cooperazione Rurale*, Organ of the National Federation of the Italian Rural Banks. Rome, No. 1, January, 1912).

* * *

2. — The Work of the National League of Italian Co-operative Societies in 1911. — In 1911, the National League of Italian Co-operative Societies displayed a very varied and important action which deserves to be recorded. Above all, under its auspices three very important congresses were held in the course of the year, namely the general congress of Italian Co-operative Societies, the seventeenth of the series, held in Rome, last July, when the twenty-fifth anniversary of the League was celebrated; the fourth Calabrian Workmen's Congress (1); and finally the second national congress for cheap dwellings (2). We have already advised our readers as to the subjects dealt with at the first of these congresses (3). With

(1) Held at Siderno, 18th, 19th and 20th September.

(2) It met in Rome on the 29th and 30th October.

(3) See Bulletin of Social and Economic Intelligence, 31st. July, 1911, page 57.

reference to the second, let us note the following among the subjects discussed at it: the Bank of Labour and Co-operation, communal lands and agricultural societies, the laws on mutual societies and workmen's insurance societies, etc. At the third congress the question of cheap houses in urban and rural centres was treated in relation to the value of the land, that of the labour and the material, as well as from the point of view of technical rules, and hygienic and other conditions required for the better construction of the buildings in question. In addition, to satisfy the desires expressed at many meetings of co-operative societies and in especial those of the last Congress of co-operative distributive societies held in November, 1910, on the initiative of the League, the Italian Collective Purchase Consortium of Co-operative Distributive Societies was founded at Milan in March and is already at work and giving good results. A short while before, under the auspices of the League the first Adriatic Fishermen's Syndicate was inaugurated, the foundation of which was followed, in August, 1911, by that of the Syndicate of the Reggio-Calabria Fishermen's Co-operative Societies, due to the efficacious operation of the branch office of the League at Rome. We must not omit mention of the active collaboration of the representatives of the League in drawing up the new rules (12th. February, 1911) for the co-operative societies for production and labour and their consortiums, which we examined in the Bulletin for December, 1911 (page 57).

The League also deserves special praise for the institution in 1911 of the first itinerant thrift lecturerships in Italy, warmly (1) championed by it.

These are the principal undertakings due to the initiative of the League. Others might be mentioned that we omit for the sake of brevity. However, we think it well to note a series of publications by the League for propaganda and instruction, amongst which let us mention a monograph summarising twenty-five years of co-operation in Italy, a manual of co-operative societies for production and labour, another on distributive co-operative societies, as well as a collection of information on legislation and book-keeping for the use of the societies, etc.

To this must be added the ordinary work of the League, which consists partly in propaganda by means of its organ "*La Cooperazione italiana*" and lectures, and partly in inspection of the federated societies and in the solution of many questions of legislation and administration presented by these societies.

The following table, which also shows the work performed by the Italian Federation of Mutual Aid Societies at Milan, will give the reader an idea of the activity displayed by the League in the period 1901-1911.

(1) See Bulletin of Economic and Social Intelligence, No. 1, January, 1912, p. 152.

| Years | Federated Societies and Subscribers | | | | Questions | | Newspaper | | | Correspondence | |
|-------|-------------------------------------|------------------|-------------|-------|----------------|-------------------|-----------|--------------------|-------------|----------------|-----------|
| | Co-operative Societies | Mutual Societies | Subscribers | Total | of Legislation | of Administration | Issue | Extra Publications | | Received | Forwarded |
| | | | | | | | | Double Numbers | Supplements | | |
| 1901 | 586 | 548 | — | 1,134 | 833 | — | 2,300 | 3 | 5 | 6,079 | — |
| 1902 | 639 | 573 | — | 1,212 | 1,046 | — | 2,500 | 9 | 3 | 8,610 | — |
| 1903 | 830 | 720 | — | 1,550 | 1,208 | — | 3,000 | 11 | 12 | 9,300 | — |
| 1904 | 1,080 | 733 | — | 1,813 | 1,422 | 227 | 3,300 | 18 | 8 | 8,310 | — |
| 1905 | 1,297 | 745 | — | 2,042 | 1,210 | 302 | 3,600 | 14 | 20 | 9,874 | — |
| 1906 | 1,280 | 590 | 234 | 2,104 | 1,459 | 262 | 4,000 | 5 | 32 | 10,796 | — |
| 1907 | 1,416 | 599 | 255 | 2,270 | 1,732 | 250 | 4,400 | 3 | 33 | 9,831 | — |
| 1908 | 1,583 | 587 | 282 | 2,452 | 1,476 | 265 | 4,700 | 6 | 42 | 9,287 | — |
| 1909 | 1,790 | 708 | 1,081 | 3,579 | 1,707 | 321 | 5,000 | 14 | 39 | 10,482 | — |
| 1910 | 1,933 | 783 | 970 | 3,686 | 1,970 | 377 | 6,000 | 22 | 26 | 12,916 | 20,712 |
| 1911 | 2,157 | 770 | 1,051 | 3,978 | 2,316 | 420 | 6,000 | 52 | 19 | 13,424 | 20,998 |

(Summarised from the *Cooperazione Italiana*, organ of the Alliance of the National League of the Co-operative Societies and the Italian Federation of Mutual Aid Societies, Milan, No. 963, 30th December, 1911).

* * *

3. — The Meeting of the Italian Federation of Agricultural Consortiums. — This meeting was held on the 4th. February at Piacenza, the head quarters of the Federation, a large number of members and representatives of agricultural consortiums intervening. The President of the Meeting, Prof. Vittorio Alpe, first of all reported on the work done in the preceding year, mentioning the National Congress of Consortiums held at Turin on its initiative, (1) the participation of the federation in the exhibition, competition in the "Floral Decoration of Railway Stations", the new organization of the trade in machinery, publication of the Yearbook (1911) of the federated societies (2), the work of the International League of Agricultural Co-operative Societies, to which the Federation belongs, and generally the work done to give the organization of purchase in Italy constantly greater development.

The Manager, the Engineer, Emilio Morandi, read the report for the year 1911, from which it appears that the goods bought amounted to 16,913,010 francs, with an increase of 3,464,510 francs on the previous year, to which the region of Naples contributed for more than half a million, that of Rome with about 800,000 francs and the office at Catania.

The capital and the reserve fund amounted to 233,559.79 fr. The dividend paid to the shareholders was fixed at 4 %.

(Summarised from the report for the year 1911 read at the ordinary meeting of members, published in *Italia Rurale*, the organ of the Federation, Piacenza, N° 495, 15th. February, 1912).

* * *

4. — The Meeting of the Rural and People's Banks of the Province of Bologna. — This meeting was held on the 29th. November, 1911, representatives from 63 out of 80 federated banks intervening. A Report was read on the general situation of these banks on the 30th. of June last, giving the following figures : number of members, 6,505 ; capital belonging to the bank, 87,981 francs ; deposits, 2,608,945 frs. ; other liabilities, 161,359 francs ; loans to members, 1,572,075 frs. ; societies' shares (*actions*) and bonds, 403,235 francs ; deposits in credit current account, 691,687 francs ; other credits : 199,162 francs ; receipts for the half year : 58,940 francs ; expenditure for the half year : 51,065 francs. The meeting, also, rapidly reviewed

(1) See on this Subject, N° 11-12 of the Bulletin of Economic and Social Intelligence, 31st. December, 1911, p. 87.

(2) For the fundamental data contained in this Yearbook, see article published in the above Bulletin, February, 1912, page 79

the work accomplished by the Federation in its seventh year (1st. November, 1910 - 31st. October, 1911), a work essentially of propaganda in behalf of and assistance to the federated banks.

Mention was made, amongst the results of the initiative of the Federation, of the organization of practical courses of instruction for the formation of good secretaries and bookkeepers for the societies ; advice given to the federated banks with regard to the most lucrative and secure investment of their eventual surplus cash ; finally, the organization of special meetings of the rural banks, " with a view to maintaining among members the spirit inspired by the wise principles of Christian morals, which must always animate the members of the association : with the object also of better instructing members elected to offices in the societies as to their duties and responsibilities ".

(Summarised from *Co-operazione Popolare*, Parma, No. 12, 15th December, 1911).

*
* *

5. — **The New Regulations of the Federation of the Co-operative Societies of Girgenti.** — The council of the Federation of the Girgenti co-operative credit societies in its Meeting of the 30th. July, 1911, approved the new rules recently published. In conformity with these rules there are three offices of the Federation ; the first deals with propaganda, assistance in everything required for the constitution of co-operative societies, and for their recognition as intermediary organs of agricultural credit of the Bank of Sicily ; the drafting of requests to the competent authorities in regard to fiscal matters ; and consultation on all matters of legislation bearing on the relations between the societies and their members.

The second office, for legal inspection and bookkeeping, includes : the control of the books, of the balance sheets and accounts, investigation into the principles followed in the management of the business ; it also gives its advice on the work of the executive bodies ; it examines the acts of the society in relation to the law, rules, regulations and decisions of the meeting. It further gives advice in difficulties of bookkeeping, instructions as to how to keep books, examine accounts, etc. Finally, the third office, for technical agricultural consultation and propaganda devotes itself to answering all questions of agricultural character put to it by the societies, studying plans for the organization of rural industries, diffusion of circulars containing instructions for purposes of propaganda, of the employment of machines, fertilising substances and new methods of culture.

The general secretary of the Federation, the inspector of accounts and the technical adviser compose the Committee of Management.

(Summarised from *Co-operazione*, Girgenti, No. 3, 1911).

2. Miscellaneous Information.

1. — The Development of the Credit Institute of Co-operative Societies, at Milan, during the Period 1904-1911. — The Credit Institute of Co-operative Societies, founded in 1904, under the form of a limited liability society, on the initiative of the Milanese Humane Society, has for its object, as the reader is aware, to assist the progress of the co-operative societies for production, labour, distribution and credit, in favour of workmen, employees, field labourers, farmers and small landowners, by facilitating the work of the above societies by advances of credit. The following table which shows the operations conducted by this Institute will give an idea of its strength and development.

| Working year: | Paid up Capital — Frs. | Deposits — Frs. | Credit Operations — Frs. | Net Profits — Frs. |
|---------------------|---------------------------------|-----------------------|-----------------------------------|--------------------------|
| 1904-1905 | 200,000 | 48,436.76 | 1,158,626.08 | 1,622.48 |
| 1905-1906 | 360,000 | 562,850.64 | 4,086,483.66 | 23,015.85 |
| 1906-1907 | 520,000 | 1,327,339.17 | 6,923,449.91 | 30,557.22 |
| 1907-1908 | 700,000 | 1,348,377.81 | 9,139,387.48 | 41,663.68 |
| 1908-1909 | 1,000,000 | 1,583,246.04 | 9,538,959.09 | 60,696.97 |
| 1909-1910 | 1,000,000 | 2,302,143.44 | 10,821,242.15 | 88,587.54 |
| 1910-1911 | 1,250,000 | 2,087,996.81 | 19,152,335.43 | 60,231.41 |

The credit business done is divided among the following classes of co-operative societies :

| | | |
|---------------------------------|-----------------|--------------------|
| Production and Labour Societies | No. 5,724 . . . | Frs. 39,643,218.71 |
| Distributive | „ 891 . . . | „ 9,039,922.38 |
| Agricultural | „ 225 . . . | „ 1,197,300.30 |
| Cheap Dwelling House | „ 216 . . . | „ 1,726,036.45 |
| Banks and Credit Societies | „ 578 . . . | „ 8,937,589.40 |
| Miscellaneous | „ 167 . . . | „ 276,416.50 |

Besides the above credit operations conducted with the co-operative societies, the institute buys goods, machinery, etc., which it sells and hires out to same societies; it gives surety for the carrying out of their contracts; it conducts various banking operations in their name.

The funds of the credit institute are derived from the share capital, deposits in trust, etc.

The deposits have continually increased, in a really remarkable manner; on the 30th. of last June they exceeded two millions. In the course of seven years, the institute has given the co-operative societies credit to an amount exceeding 60 millions, in 7,801 loans, and its activity has not only been manifested at the Milan central head office, but also in the branches, successively founded to answer the requirements of the business. Thus, there are now four branches at Florence, Genoa, Reggio Emilia and Turin, besides agencies at Piacenza, Castelnuovo Monti, Musocco, Sesto S. Giovanni, Niguarda and Milan. This present year a branch has been opened in Rome in order to extend the business from North to Central Italy.

The dividends, small but important relatively to the nature of the institution, have allowed of its annually placing 4 % to capital and large sums to the reserve fund as well as consolidating the capital actually belonging to the society.

The profits in the last year amounted to 273,212.45 frs. of which 240,108.47 frs. was interest on credit business, 16,803.63 frs. other credit interest, and 16,301.35 frs. of various origin.

The total expenditure amounted to 212,981.04 frs., 112,854.34 frs. being for debit interest on deposits, 82,576.74 frs. for general expenses and 17,549.96 frs. for taxes. When the accounts were closed, the reserve fund exceeded 50,000 francs.

(Summarised from the Monograph recently published by the Managers of the Institute).

* * *

2. — The Organisation of the Genoa Agricultural Consortium for the Sale of Milk. — One of the most serious economic problems of the day is the milk supply in large towns, whether we consider it from the point of view of production, distribution, sale or consumption (1). As an example of what private action can do in this field, we think it well to note the initiative of the Genoa agricultural consortium as a case of an urban centre with a large consumption of milk, where consequently the difficulties were more numerous than elsewhere. In fact, every day on an average 10,600 kgs.

(1) The problem was examined in the case of Germany in the Bulletin of Economic and Social Intelligence, No. 8 of 31st August, 1911, p. 231.

of unskimmed milk and 32,708 kgs. of skimmed milk, in all 43,308 kgs., are brought into this city. In 1900 the agricultural consortium was founded in order to solve the problem of the milk supply for the town in the best manner possible. The Consortium had then hardly 14 members; to-day it has 500. It has undertaken to bring into Genoa directly its members' milk which it supplies to charitable institutions, boarding schools and hospitals as well as to the public to whom the milk is sold in small shops established in various quarters of the town.

In 1910, the pure milk supplied by the Consortium to the first mentioned class of customers was sold at the rate of 27.50 frs. per quintal, cooled and filtered, which, as we know, appreciably increases the cost price. To-day 16 institutions have secured for themselves a regular milk supply, by contract with the Consortium. There are 14 public milk shops.

In 1910 the Consortium sold 10,410 hectolitres of milk and 104.59 quintals of butter. The total business done both in sales and purchase of requisites for the members, amounted in the first year, to about three millions.

The example quoted is then specially important, since it has proved in practice profitable not only to the producers, but also to the consumers, and because it may be followed by urban centres which cannot easily supply themselves with milk.

(Summarised from the *Agricultural Consortium of Genoa and its Organisation for the Sale of Milk*. Genoa, Olivieri, 1911).

* * *

3. — **The Cremona Co-operative Agricultural Consortium.** — This consortium is one of the most thriving in Italy. Founded in 1896 in conformity with the law, it closed its first year's accounts on the 31st. December, 1896, with 164 members, about 9,000 francs capital and 35,000 francs of merchandise sold. To-day it has 1,600 members, with a capital of more than 100,000 frs., and about 3 millions worth of goods delivered every year. Its consignments to members are annually more than 180,000 quintals of superphosphates, 250,000 francs worth of nitrate of soda, a quarter of a million frs. worth of various chemical manures, almost 300,000 francs worth of machinery and some hundreds of thousands of francs worth of grain for sowing and grass seed etc.

The Consortium extends its action over the whole province of Cremona and is in close relation with the local itinerant agricultural lecturership and the People's Bank. This latter usually opens current accounts in favour of the members of the consortium and against them only the goods delivered by the consortium are entered. The latter commenced its work in 1897 with open credits for 19 members, amounting to 25,000 frs., and

now the amount of current accounts open exceeds a million of francs divided among 550 members.

Together with the itinerant agricultural lecturership it has founded the chemical manure co-operative factory and opened numerous prize competitions.

The Consortium has not confined itself to the work of purchase and sale, but has tried to derive the best moral results from association. In fact, it shared, to the extent of 5,000 francs in the foundation of an agricultural mechanical school, paid out 1,000 francs for purposes of livestock improvement, 1,500 francs for rural telephones, and 500 francs in behalf of an antiphylloxera consortium.

Besides, there appear in its accounts annually an amount of 2,000 frs. for experimental farms, another of from 2,000 to 4,000 francs for contributions to livestock shows, to studs, etc.

All this the Cremona agricultural consortium has been able to do, by limiting its interest on shares (*actions*) to 3 %, while its members have renounced all participation at the end of the year in the surplus credits, in proportion to their purchases, habitual in institutions of this kind.

(Summarised from the *Giornale di Agricoltura della Domenica*, Piacenza, N° 1 and 2, 14th. January, 1912).

*
* *

4.—The Work of the Wine Society of San Salvatore Monferrato. — We know that there are wine societies in Italy that for various reasons have not succeeded, and this has discouraged the foundation of institutions of a class, that successfully organized and well managed may be of the greatest advantage to winefarmers, especially to tenant farmers and small proprietors. A wine society which is working well is that of San Salvatore Monferrato, founded in 1908 with 118 members. It is constituted legally under the form of a co-operative society with unlimited capital and limited liability. Its shares (*actions*), are 20 francs each, personal and not transferable, and it is forbidden to give them as security without the consent of the Board of Management.

The institution was founded exclusively for the benefit of small land-owners. In fact, whilst the contribution of 10 quintals of grapes from each member is compulsory, it may not exceed in any one case the amount of 50 quintals. Only in certain circumstances may the Board of Management authorize a larger contribution than 50 quintals, at the desire of the members. In the same way the Board of Management has power to reduce the maximum when the capacity of the barrels requires it. The other

rules of the society are those of the co-operative societies and of the Commercial Code.

The work of the wine society is carried on in the following way: the Board of Management, in agreement with the Council of Supervision, first of all, announces every year, by means of posters in public places the exact day on which the members may begin to deliver their grapes. For their part, the members are obliged before the 31st. July to notify in a letter to the president the approximate maximum amount of grapes they intend to deliver to the society. Then the valuation of the grapes is proceeded with in accordance with their degree of sugar. The number of degrees of each 100 kilogrammes of must multiplied by the number of quintals gives the amount of degrees of sugar in the wine and this decides the proportion of each member. The price of the degree is provisionally fixed by the Board of Management according to the average contract price known and verified in the commune or in the neighbouring districts. The Board of Management may also grant advances to the members, which however bear 5 % interest. The accounts are generally settled after the last sale.

Here are a few figures and economic data. The members who were at first 118 increased in the second year to 147, and to 152 in the third. There are to-day 185. In 1910 they supplied 1,542.30 quintals of grapes, from which 1,180 hectolitres of wine were obtained, that is, 1 hectolitre per 1,306 quintals of grapes. More than 178.4 quintals of lees and 10 quintals of residuum were obtained and were sold for about 860 frs. The winemaking occupied 155 days, with a total expenditure of 470 francs. The amounts paid off on the furniture and plant came to about 680 francs.

In 1911 the society made about 2,680 hectolitres of wine from 3,450 quintals of grapes, that is, 1 hectolitre per 1,266 quintals. It has already sold 600 of these hectolitres made. The equipment of the cellar came to 16,375 francs. The most expensive items were: two hydraulic presses costing 4,675 francs, a pump estimated at 500 francs and cement vats of a capacity of 2,700 hectolitres. The paid up capital amounts to 6,672 francs. which proves that even with small capital a large wine society may be installed and worked, when there is good management and when the members are really animated by the true spirit of co-operation.

(Summarised from the *Giornale Vinicolo*, Casale Monferrato, No. 49, 3rd. December. 1911).

*
* *

5. — The Programme of the Agricultural Society of Lombardy for 1912. — At the general meeting of members of the Agricultural Society of Lombardy held on the 30th. December last, the President, Prof. Vittorio Alpe,

explained what the Society proposed doing in 1912. Penetrated above all by the idea of the continually increasing importance of cattle on farms, it intends not only to encourage livestock improvement in general but also to favour the foundation of a co-operative society for production of and trade in bulls of the brown Alpine stock, — the first undertaking of the kind in Italy — as well as to intensify the struggle against cattle diseases, especially thrush.

In the field of economic study the Society proposes to continue its inquiry into the reform of the contract for leasing irrigated lands in Lombardy, a subject intimately associated with two others, namely: the farmers' right to compensation for improvements on the land (1) and the revision of the methods for settlement at termination of the lease and restitution of the property itself. Besides, the Society intends to resume the study of the insurance of peasants against accidents (2), commencing the work, already long ago conceived, of harmonising the manifold regulations now governing this form of insurance in the companies' policies as well as in the various *métayers'* contracts, with the hope of finding a type of contract applicable to Lombardy.

Among the other steps taken by the Society it is well to mention the competition, not yet closed, among those who have applied electricity in their farm work as well as the new competition proposed among the heads of farms (whether owners or tenant farmers) in the belt of irrigated land in Lombardy, for the best kept agricultural books.

The Society will occupy itself as in the past with propaganda in favour of carp breeding in the rice fields, cheese manufacture, the spread of education in the country, and agricultural mutual societies and will see that the agricultural interests of Lombardy are protected in the various laws presented to Parliament by the Government.

(Summarised from the Speech of the President of the Society at the General Meeting of Members, 30th. December, in the *Bollettino dell'Agricoltura*, Milan, Nos. 1 and 2, 5th. and 12th. January, 1912).

*
* *

6. — **The Programme of the Agricultural Comizio of Rome, for 1912.** — In 1912 the Roman Agricultural Comizio first of all proposes to organise thorough reciprocity among the farmers of the province, beginning with mutual fire insurance "which presents fewest difficulties and may

(1) This matter was submitted by the former Minister of Agriculture, Hon. Signor Raineri to the examination of the Council of Agriculture, in February, 1911.

(2) See on the subject an article in the Bulletin of Economic and Social Intelligence, No. 2, February. 1911, page 151.

confer the greatest moral and economic benefits." It intends also to occupy itself with the problem of insurance against accidents in agriculture, endorsing the initiative taken by the Society of Roman country merchants, in the foundation of a mutual society. In addition, alarmed at the grave difficulties in supplying the country and the rural centres of the provinces with food, the Comizio contemplates the organization of small co-operative distributive societies, offering a reward of 2,500 francs to whoever provides a scheme answering to the requirements. Another competition will be opened for a prize of 3,500 francs, for the inventor of an apparatus for the protection of farm buildings in the Roman Campagna against invasion by the mosquitoes that convey malaria. Also in the spring a show of methods for the sterilization of milk will be organised, consideration being especially paid to their easy application in the very place where the milk is produced. This show will be rendered still more interesting by means of specimens of apparatus for the hygienic transport and distribution of the milk. Also the Comizio will especially occupy itself with the encouragement of livestock improvement.

(Summarised from the *Rivista Agricola Romana*, Rome, No. 11, 1911).

*
* *

7. — **The Terni Agricultural Comizio for an Enquiry into Agriculture in general.**
— The Terni Agricultural Comizio in its general meeting held a short time ago passed a resolution "recommending the Association of Italian Agricultural Comizii, the Comizii not registered with it, the agricultural societies and consortiums, the agricultural co-operative societies, in a word, all agricultural associations desirous of seeing the agricultural conditions of the country attentively studied, to address a petition to Government in favour of a new national and complete enquiry such as that held in 1877".

III. — BIBLIOGRAPHY.

Publications of Recent Date Relating to Co-operation and association.

(a) Official Publications :

Le associazioni zootecniche in Italia e all'estero (*Livestock Improvement Associations in Italy and Abroad*) Annals of Agriculture, 1911. no. 267. Department of Agriculture, Industry and Commerce. General Management of Agriculture. Department of the General Inspector of Livestock Improvement Institutions. Rome. National Press. G. Bertero & Co. 1911.

(b) Publications of the Agricultural Organizations :

Almanacco agricolo italiano pel 1912 (*Italian Agricultural Almanac for 1912*) Xth. Year. (Italian Federation of Agricultural Consortiums). Piacenza, V. Porta, 1912.

Acts of the 1st. Agricultural Congress. Parma. 17th. October, 1907. (National Agricultural Federation, Bologna). Bologna, Beltrami, 1911.

Banca cooperativa udinese (*Co-operative Bank of Udine*). Report for the Turin Exhibition 1911. Udine, Co-operative Press, 1911.

Agricultural Co-operative Consortium of Bagnolo Mella. Report for the 15th. Working Year 1910-1911. Brescia. Geroldi 1911.

Agricultural Co-operative Consortium of the Province of Cuneo. 1899-1911. Report for the Turin Exhibition.

(c) Other Publications :

BARBIERI ADELCHI, Engineer : Rendiconto dell'esercizio 1910-11 della cooperativa cremonese per la fabbricazione dei concimi chimici. (*Report for the Year 1910-1911 of the Cremona Co-operative Society for the Manufacture of Chemical Manure*). Cremona. V. Illica, 1911.

CASALINI, G. B. : Relazione dell'associazione provinciale fra proprietari e fittaioli, con sede in Rovigo. (*Report on the Landowners' and Farmers' Provincial Association, at Rovigo*). (3rd. Agricultural Congress at Bologna). Bologna. National Agricultural Confederation. Emilia Polygraphic Establishment 1911.

CHIRI MARIO : Lo stato attuale dell'organizzazione professionale cattolica in Italia. (*The Present State of Catholic Professional Organization in Italy*). In the "Cooperazione Popolare" (*Popular Co-operation*). Parma. no. 10. 15th. October, 1911.

DE AMBRIS B. : L'organizzazione operaia italiana nel 1911 (*Italian Workmen's Organization in 1911*). In "Pagine Libere", November 15th., 1911.

SUCCIO BARTOLOMEO : Le organizzazioni sindacali padronali di resistenza nel campo economico sociale. Natura ed azione. (*Masters' Syndicate Organizations of Resistance in the Economic-Social Field, Nature and Action*). Turin, U. PANELLI, 1911.

VEZZANI DR. VITTORINO : I sindacati d'allevamento in Italia. Estratto dal Giornale «L'Agricoltura Moderna». (*Livestock Breeding Syndicates in Italy. From the Paper "Modern Agriculture"*). Year 1911. Milan. Agricultural Press, 1912.

PART II.

INSURANCE.

INSURANCE

BELGIUM.

RECENT NEWS.

The most Recent Results given by the Agricultural Insurance Institutions.

The Belgian agricultural insurance societies were incidentally dealt with in the number of the *Bulletin of Economic and Social Intelligence*, for the 31st. December, 1910 (pp. 91-103). The enquiry undertaken in 1910 by the Department of Agriculture and Public Works into the *Situation of the Associations of Agricultural Interest for the Year 1909* (1) enables us to show the more recent progress made by the various insurance societies for the rural classes.

§ 1. Compulsory Cattle Insurance.

As our readers know, there is now compulsory cattle insurance in only one of the Belgian provinces, namely, *West Flanders*. This society compensates for all loss due to slaughter by order of the authorities and rejection of the meat as unfit for consumption. In 1909 the business done by the Compulsory Cattle Insurance Society was as follows :

Number of Animals insured :

| | | |
|------|--|---------|
| 1st. | Horses of 1 year and over | 39,044 |
| 2nd. | Horned Cattle of 3 months and over | 292,874 |
| 3rd. | Mules and hinnies, 1 year and over | 2,189 |
| 4th. | Asses, 1 year and over | 464 |
| 5th. | Sheep, 3 months and over | 18,000 |

Total . . . 352,571

(1) Pamphlet, 800, Brussels. Printed by Ed. Odry. Mommens. 1911.

Amount of Premiums :

| | | | |
|------|-----------------------|-----------|---|
| 1st. | For Horses | 19,522.25 | at the rate of 50 c. per animal of 1 year or over. |
| 2nd. | For Horned Cattle . . | 73,218.50 | at the rate of 25 c. per animal of 3 months and over. |
| 3rd. | For Mules and Hinnies | 656.70 | at the rate of 30 c. per animal of 3 months and over. |
| 4th. | For Asses | 69.60 | at the rate of 15 c. per animal of 1 year and over. |
| 5th. | For Sheep | 729.84 | at the rate of 3 c. per animal of 3 months and over, with a |
| | Total . . . | 94,996.89 | minimum of 15 c. |

Amount of Compensation paid in 1909 :

| | | |
|------|---|--------------------------------|
| 1st. | For 465 horses (maximum compensation 20 frs) | 27,266.00 fr |
| 2nd. | 21 mules (» » 20 ») | 413.00 » |
| 3rd. | 8 asses (» » 20 ») | 158.50 » |
| 4th. | 1,345 head of horned cattle (ordinary cases) | 106,874.38 » |
| 5th. | 16 head of horned cattle (tuberculous, supplementary compensation) | 132.55 » |
| 6th. | 50 head of horned cattle (suffering from anthrax, supplementary compensation) | 1,307.50 » |
| 7th. | 200 sheep | 2,310.67 » |
| | or for 2,105 cases | Total 138,462.60 fr. |

Cash in Hand on the 1st January, 1910. 1,521,968.32 frs.

§ 2. *Mutual Cattle Insurance.*

Besides the "Compulsory Insurance Society" of West Flanders we find in Belgium a voluntary *Cattle Insurance Society* in the province of Antwerp, with 5,702 farmers affiliated to it in 1909; 16,822 head of horned cattle were insured. Cattle are however for the most part insured by local mutual societies, generally granting compensation of two thirds of the animal's value and most usually federated in provincial or regional reinsurance societies.

In 1909 voluntary cattle insurance made a fresh advance. On the 31st December, 1908 there were 1,073 societies, 1,035 recognised and 38 unrecognised. They had in all 97,321 effective members and insured 282,282 head of cattle. On the 31st. December, 1909, the number of societies was 1,142, 1,101 recognised and 41 unrecognised, they had altogether 101,709 members and insured 294,583 head of cattle. In the course of 1909, 17 mutual horse, 45 goat and 18 pig insurance societies were founded.

§ 3. *The Reinsurance Federation.*

Cattle reinsurance is organized by the provinces. A report presented at the general meeting of the *Boerenbond* on the 5th. June, 1911, by Canon G. Luytgaerens, General Secretary, gives detailed information on the work of one of the most important reinsurance federations: that of Brabant. On the 31st. December, 1910, 101 local societies insuring 26,045 animals were affiliated to this reinsurance society. In the course of the year there were 816 losses, 3.13 % of the animals insured.

The Secretary and Inspector, the veterinary surgeon, M. Molhant, shows the reinsurance results from the start to the 31st December, 1910, in the following synthetic table.

| Years | Number of Animals Insured | Number of Disasters | Number of Losses % | Amount Reinsured | Premiums Paid | Compensa- tion | Proportion of Compensa- tions to Amount Reinsured |
|-------|---------------------------------|---------------------------|--------------------------|---------------------|------------------|-------------------|---|
| 1898 | 10,166 | 344 | 3.38 | 3,095,914 | 4,548.61 | 9,163.31 | 0.29 |
| 1899 | 14,142 | 506 | 3.57 | 4,204,064 | — | 12,376.00 | 0.29 |
| 1900 | 15,029 | 522 | 3.47 | 4,596,772 | 13,788.00 | 20,907.54 | 0.45 |
| 1901 | 16,170 | 621 | 3.84 | 4,954,005 | 14,800.34 | 30,316.24 | 0.61 |
| 1902 | 17,830 | 970 | 3.83 | 5,647,237 | 16,763.28 | 29,468.30 | 0.52 |
| 1903 | 19,350 | 611 | 3.15 | 6,364,507 | 18,921.14 | 28,951.69 | 0.45 |
| 1904 | 21,206 | 678 | 3.10 | 7,243,864 | 21,456.45 | 30,668.65 | 0.42 |
| 1905 | 23,113 | 747 | 3.18 | 7,653,460 | 22,740.86 | 31,637.20 | 0.41 |
| 1906 | 23,857 | 725 | 2.97 | 8,002,700 | 23,768.33 | 31,063.55 | 0.38 |
| 1907 | 23,958 | 772 | 3.22 | 8,347,958 | 24,712.95 | 33,899.97 | 0.40 |
| 1908 | 24,248 | 839 | 3.54 | 8,664,350 | 25,817.20 | 39,544.50 | 0.45 |
| 1909 | 25,224 | 838 | 3.32 | 8,877,322 | 26,865.90 | 39,117.55 | 0.44 |
| 1910 | 26,045 | 816 | 3.13 | 9,081,968 | 27,276.50 | 36,207.25 | 0.39 |

From these figures we see that the average mortality was 3.36 % for the reinsurance society of Brabant.

The two principal causes of death, according to the report, were tuberculosis and calving.

In 1910, 19 % of the losses were specially attributed to tuberculosis. The report says with regard to this : " This number is necessarily lower than the real amount of deaths due to this terrible disease ; for most of the affections reported under the general name of chronic enteritis, and chronic lesions of the liver and lungs are due to tuberculosis. "

As one of the principal causes of the high percentage of cases of tuberculosis, mention is made of the deplorable condition of a large number of the cattle stalls.

18.5 % of the deaths were due to accidents caused immediately by difficult parturition. Here again the inspector mentions that a great number of later complications giving rise to mammitis, chronic metritis, diseases of the kidneys, abscesses in the liver, poisoning, paralysis etc., must be attributed to this cause, though generally ascribed to chills, ordinary infections, etc.

The report continues : " However, many of these accidents might be avoided if our farmers could be convinced that parturition is a natural function, not necessarily requiring human intervention. And if we could get them to observe the least of the requirements of hygiene we should see the percentage of deaths appreciably diminished to the great benefit of our farmers, who are the most concerned. »

By these considerations the board of management of the reinsurance federation is incited to occupy itself more and more with the improvement of the conditions of the cattle stalls. In 1910 a show of cattle stalls was organized by a committee appointed by this board in union with that of the federation of the cattle farming syndicates.

§ 4. *Fire Insurance.*

Agricultural fire insurance is progressing regularly, as is shown by the results obtained by the central fire insurance branch of the Boerenbond. In December 1910 (p. 101) we showed the progressive advance in this connection of this great federation from its start up to 1908. This table must now be completed as follows :

Long Term Insurance: Buildings and Contents.

| Year | Number of Policies | Value Insured | Net Premiums | Compensation |
|------|--------------------|---------------|--------------|--------------|
| 1908 | 17,504 | 119,179,050 | 97,243.10 | 43,642.25 |
| 1909 | 19,007 | 136,132,932 | 109,088.20 | 59,465.47 |
| 1910 | 20,537 | 152,354,487 | 114,429.08 | 44,706.16 |

§ 5. *Hail Insurance.*

Since 1895, there has been no enquiry held into societies for this class of insurance. So we have to content ourselves with the data we have already published in December 1910 (p. 98).

§ 6. *Insurance of Persons.*

We include under this common heading life and accident insurance. The first does not seem as yet to have met with the favour it deserves. At the last meeting of the Boerenbond, on the 5th June, 1911, the General Secretary of this powerful league was able to say :

« Generally speaking the rural populations do not grasp their portance life insurance may have in raising their social condition ; the farmers, in particular are very indifferent in the matter.

As far as the small tenant farmers are concerned, who, on the whole, differ but little from labourers and find it difficult to make a bare living, it may well be not the moment to speak of life insurance ; but there is no doubt it offers a considerable immediate advantage to the better off farmers. Perhaps they allow themselves to be frightened by the consideration that at every moment we see small insurance societies founded and soon dissolved, while in their liquidation the money of those who had innocently entrusted it to them is lost. ” For all that, it is stated that many farmers of West Flanders have insured their lives.

The position of the accident insurance societies is better. The small farmers to whom the law of 24th. December, 1904 does not apply, them-

selves feel the need of taking accident insurance policies for themselves and the members of their families, as well as for those for whom they are legally responsible. The society, *Assurance Agricole*, founded by the various voluntary agricultural associations of the country in common accord has arranged no less than 6,500 contracts of this character.

Statistics drawn up by the society show that 5/10ths of the accidents involving legal liability are caused by horses and vehicles. And the report for 1910 declares with regard to this : " This is easily explained, and it is destined always to be so. But let us grant that many of these accidents might be avoided. Observance of the rule of the road, the judicious choice of drivers, the good condition of the harness and the vehicle, and the way the horses are treated, are all very important matters in this connection. »

As to the accidents to which the law of 24th. December, 1903, applies, the last report of the *Common Insurance Society of the Belgian Farmers* states with satisfaction that " there remain very few farmers and small rural artisans subject to the law who are not insured. »

The experience of this society is that compensation is given in the following proportions : temporary incapacity 22 % of the total ; permanent incapacity 39 %, mortal accidents 17 %, medical expenses and medicaments 22 %. These averages will no doubt be modified in the future, for a report by Dr. Ausloos, Medical Inspector of the Society, describes the rural population as « ignorant of certain absolutely indispensable hygienic notions. This ignorance, and also no doubt negligence, are the causes, why many curable lesions lead to serious consequences » ; and no doubt a vigorous campaign will be undertaken in this field both for a more careful treatment of accidents and for the popularisation of useful knowledge among those concerned.

INSURANCE

SWITZERLAND.

CURRENT QUESTIONS.

The New Federal Law on Sickness and Accident Insurance and the Farmers.

PART I.

Introduction.

In a popular referendum on 4th. February last, the Federal law of 13th. June, 1911 on Sickness and Accident Insurance was approved by a majority of 48,000 votes (286,000 against 238,000 in round numbers). Before its approval this law formed the subject of long discussion in which the most authoritative representatives of all the social classes took part and there is no doubt that its approval marks an important date in the history of Swiss legislation. For twenty years already the legislative bodies of the Federation have been concerned with the problem of the organization of social insurance in conformity with the requirements of the country; on the 26th. October, 1890, the Swiss people had in fact approved also by referendum, a new article 34-bis of the Federal constitution, in which the principle of this insurance was endorsed in the following terms :

“The Federation shall introduce sickness and accident insurance, by a legislative measure, with due consideration of the already existing mutual aid societies.

It may make insurance compulsory, in general or for certain definite classes of citizens.”

(1) We shall publish the definite official figures as soon as the Report of the Federal Council is issued.

Among the various bills by which it has been attempted to solve the practical difficulties in the way of carrying out the above idea, we shall mention that of Federal Councillor Forrer, which was approved in Parliament, but submitted to a referendum on 20th. May, 1900 and rejected by 342,114 votes against 148,022.

By this bill all workmen over 14 years of age and in receipt of annual wages of less than 5,000 francs would be obliged to insure themselves. Even agricultural labourers working for other people and bound to at least a week's work for the farmer were included among those to be compulsorily insured.

The business of sickness insurance was to be entrusted to certain cantonal institutions, whilst on the other hand a special federal accident insurance establishment was to be founded.

The defeat of this bill was largely due to the opposition of the farmers, who showed themselves resolutely opposed to the extension of the obligation of the insurance of agricultural labourers, and rejected the system of organization proposed for sickness insurance, which was evidently hurtful to the interest of the private mutual aid societies already existing in the small villages.

Yet it must be observed that the opposition of the farming class to the Forrer bill did not mean indifference or hostility to the principle of social insurance that this bill tended to apply, but the opposition was only to the means proposed for attaining the end. In fact, when the Federal Council, in March, 1906, submitted to the Chambers the new proposal on workmen's insurance many distinguished representatives of Swiss agricultural interests contributed to the solution of the problem either in the deliberations of the Council of States and the National Council or in the special commission for giving the final touches to the bill.

The new law the general lines of which we propose to give here, contains 131 articles; it is subdivided into three parts. The first (articles 1 to 40) deals with sickness insurance. The second (articles 41 to 122) deals with accident insurance. The third (articles 123 to 131) contains general and temporary provisions. The second part is subdivided into 6 chapters; the first contains the provisions for the constitution of the National Swiss Accident Insurance Society; the second deals with the assistance of the insurance societies in case of sickness; the third with compulsory insurance; the fourth with voluntary insurance; the fifth with voluntary insurance by third parties; the sixth defines the competence of the courts.

Among the general provisions, article 123 deserves special mention. By virtue of this article "the amounts that have been or are to be paid by the federation to the federal insurance fund shall be exclusively devoted to sickness and accident insurance, especially to the guarantee

of assistance in money imposed on the federation by the present law." This federal fund consisting of the credit balance from the State accounts, amounted, at the end of 1911, to about 40 millions. We shall see later, more particularly, what special financial burdens are imposed on the federation by the new law. For the moment it is enough to say that the estimated annual expenses amount to about 8 millions.

In fact, according to the reasonable expectations of National Councillor Jenny, the number of the insured against sickness, entitled to State assistance, will be, in the first years, 800,000. It may be calculated that the total amount of subventions from the Federation will be 4,375,000 francs. It is estimated that the total number of persons insured against accidents will be 700,000; 550,000 compulsorily and 150,000 optionally. The contribution from the Confederation for this class it is estimated will be 3,163,000 frs.

It is for the Federal Council to put the law in force : for this purpose it will publish the necessary regulations.

PART I.

THE ORGANIZATION OF SICKNESS INSURANCE.

§ 1. *Conditions to be fulfilled by the insurance societies entitling them to the federal subsidies.*

For sickness insurance all the legislative provisions are based on the two principles of liberty and reciprocity. In contrast with the tenor of the Forrer bill, the Confederation restricts itself to the encouragement of the progress of sickness insurance societies which satisfy certain conditions imposed by the law. The cantons alone are authorized to declare sickness insurance compulsory, generally or for certain classes of persons, with the previous consent of the Federal Council.

The principal condition to be fulfilled by the Societies in order to acquire a right to the Confederation subsidy is to conduct insurance business on mutual lines. All mutual aid societies already existing in Switzerland and giving guarantee of good administration may therefore be recognised by the federal authority; not only may they continue to do sickness insurance business with the moral support of the State but they also receive subsidies from it.

The Societies desirous of recognition are bound to submit their rules for approval to the Federal Council, as well as the other provisions regulating the rights and duties of their members and all acts modifying the rules and other provisions.

The fact of a bank having a professional, political or confessional character is no impediment to its recognition, and, consequently, it has a right to the subvention from the State. However, in conformity with the principle of *free passage*, these societies are obliged to accept a person insured coming from another commune, even if he does not satisfy the special conditions laid down by them for admission, in case this insured person cannot find another neutral society to accept him in the commune in which is his new domicile.

With a view to extending sickness insurance amongst women, the law enjoins it upon the societies to admit members of both sexes on the same conditions, except in the case of those professional societies to which only persons of the same sex may belong.

Another important principle established by the law is that of *free passage*, which grants the insured the right of passing from one society to another. Any farmer, who for a year at least has been a member of one or more societies, and finds himself obliged by the regulations to resign, for instance, in consequence of change of residence or of the dissolution of the society, has a right to be received in any other society the general conditions for admission into which he fulfils.

We read in the Message of the Federal Council to the Federal Assembly, in which the reasons for the law are given, that "the subsidising and consequently the recognition must depend on the fact that a society guarantees its members in case of sickness a certain minimum contribution: only such insurance societies have a right to subsidies, as have a certain economic and social importance, and the subsidy must be in due relation to the assistance guaranteed...In seeking to make a step forward, it is in fact important not to impose such conditions as only very few societies can satisfy, which would excessively reduce the field of application and the advantage of the new system. On the contrary, attempt must be made that by means of an allocation in proportion to the minimum assistance required, the majority of the existing banks may obtain recognition, and that, thanks to the federal subsidy, without having appreciably to increase their insurance contributions".

A sickness insurance society may be organized in two ways; either the society itself undertakes the medical and dispensary service, for its members, and, in these cases, whoever of these latter has paid his annual contribution has a right to medical attendance free for the period of his sickness; or else the society guarantees its members when they are sick an allowance in money for every day or week of sickness. It is evident in this case, that in order to determine the minimum assistance the society must give in order to obtain a right to the subsidy, the amount of such sick payment must also be fixed, and, generally, account must be taken also of the period of the assistance given. Consequently articles 12 and

13 of the law declare that the societies must insure their members medical assistance and medicines for six months at least or a daily unemployment allowance, which may not be less than one franc in case of absolute incapacity for work.

We read in the report of the "Swiss Peasants' Secretariat" on the insurance bill, that this important association would have desired that it should be made compulsory in the law for the sickness insurance societies to admit even members who only desire to ensure for themselves assistance in kind (that is, medicines and medical assistance).

The report also declares that the sickness insurance societies that give the insured an unemployment allowance of a franc a day do not answer the requirements of the agricultural population. "For it, the principal advantage of the mutual aid society is the provision of a doctor. The society obtains the doctor's services cheaper than the farmer could unaided".

Again the Message of the Federal Council mentions that according to the statistics of 1903, 819 societies with 184,928 members, that is to say 45 % of all the Swiss societies with 44 % of the total number of insured, only provide their members with assistance in money. To oblige all these societies to change their principles might imperil the passing of the law itself. In any case, we shall see later on, how the law has sought also to satisfy the desires of the agricultural class.

Considering, then, that from the economic point of view, the incapacity for work after a confinement is not only identical with that due to ordinary sickness, but also is even complicated by the existence of the child, the nursing and care of which entail special expense, the law lays down that the societies must assimilate confinements to sicknesses, if at date of confinement the insured woman has already been a member of an insurance society for at least nine months, with no longer interruption than three months.

The question of the relations between the insurance societies and the doctors, which raises so many difficulties in every country, was carefully studied by the Swiss legislators. The solution offered by the law, consists in laying down the rule of limited free choice, that is that every insured patient must be able to choose a doctor among those practising at the place of his domicile or in the neighbourhood; but this right is subject to two exceptions. First of all, the societies may, in accordance with the tariffs fixed by the cantonal authorities and indicating a maximum and minimum rate for every visit of the doctor and for every medicament, make agreements with doctors or doctors' associations and entrust the treatment of the insured to their care exclusively. Doctors who have been in regular practice for at least a year in the district of the society may enter into these agreements.

But the right of the insured sick to choose their doctor ceases, if their removal to a hospital necessitates their being under the medical treatment of the staff of the hospital.

The rule of limited free choice applies equally in the case of apothecaries, that is to say, if the society ensures the assistance of an apothecary, any sick person may make his choice among those established in his place of residence or in the neighbourhood, but, on the other hand, the societies may enter into agreements, on the basis of tariffs fixed by the cantonal authorities, with apothecaries or associations of apothecaries and exclusively entrust these apothecaries with the supply of medicaments.

It must be noted that the law understands by doctors and apothecaries the holders of federal diplomas. Only persons authorized by a canton to practice as doctors or keep a dispensary by right of a scientific certificate are assimilated to the doctors and apothecaries possessing federal diplomas. We must not, finally, omit mention of the provision by which disputes between the societies and the doctors or apothecaries are to be judged by an arbitration court, the members of which will be appointed by the cantonal governments.

Articles 26 and 27 of the law lay down two other important conditions required from the societies for their recognition and their right to subventions :

The societies are bound to see that the insurance does not become a source of gain for their invalid members. They must see that none of their members is insured in more than two sickness insurance societies. In the second place they must assist the accident insurance societies in their work, in conformity with the provisions of the law we shall have occasion to examine hereafter.

§ 2. *Federal Subsidies.*

In order to encourage the development of sickness insurance the law guarantees the insurance societies not only exemption from all taxes, except those on real estate not directly serving for the insurance work, but it also guarantees them subsidies in money. The federal subsidy the Confederation pays the societies each year per insured member is three francs fifty centimes, for children up to and including the fourteenth year of their age ; three francs fifty centimes for insured men, and 4 francs for insured women, if the society ensures its members medical attendance and medicines for at least six months or a daily unemployment allowance of 1 franc. On the contrary, if the society ensures at the same time medical attendance and medicines and a daily unemployment

allowance of at least 1 franc, the subsidy amounts to five francs per insured, and in all cases the subsidies under consideration are increased by fifty centimes when the period of free attendance is at least 360 days. Besides, the Confederation pays the Societies a subsidy of 20 francs per each confinement and a supplementary allowance of 20 francs if the women insured nurse their infants for six weeks at least.

These provisions are of considerable interest even for those who wish to consider the law solely from the point of view of the rural classes.

It must be first of all noted that the subsidy granted by the Confederation is *general*, that is to say, paid indiscriminately to all the insured. On the contrary, the Forrer bill of 1899 authorized a "supplementary subsidy of one centime per day of insurance, for the obligatorily insured engaged in agriculture". The actual grant of this subsidy was only at the option of the Federal Assembly. But the Message of the 10th. December, 1906 rejected this proposal, on the ground of the arguments already set forth in the 1896 Message, which rejected a difference of treatment in favour of the insured engaged in agriculture, since "nothing shows that this class of the Swiss population more than any other requires subsidies and nothing therefore would legitimate a measure only benefiting one class of persons whilst the cost would fall upon all the taxpayers."

We may see, in the reports of the "Swiss Peasants' Secretariat", relating to this proposal, that this authoritative organ of the interests of Swiss agriculture recognised the justice of these arguments. The principle upheld by this agricultural body is that the federal subsidy must be fixed, not according to the profession or mode of making a living, but according to the topographic conditions of the various regions of the country or the class of assistance guaranteed by the bank.

This principle is fully sanctioned by the law under our consideration. We have seen in fact that the federal subsidy is highest, when the societies ensure at once doctors' attendance and medicaments and also an allowance in money. The effect of this provision will be to encourage the societies, which now only ensure a money allowance, to ensure also medical attendance and medicines. And this insurance, as we know, best answers the requirements of the agricultural populations.

The State Subsidy is, therefore, not uniform and invariable, but *proportional*. It varies with the amount of the insurance; the more valuable the assistance guaranteed by the society, the higher the subsidy.

Yet, as is justly observed in the Message of the Federal Council, this proportion must not itself remain invariable, but on the contrary should gradually decrease with the increase of the insurance, "for if there is a reason for the State encouraging insurance for a larger sum by subsidies of *absolutely* higher amount, it still remains true that the beneficiaries by such insurance are *relatively* in less need of subsidies than those ensured

for small amounts : the rate of the subsidy should then be less for the high insurance than for the law."

We need not reproduce here the provisions of the law dealing with federal subsidies, provisions summarised above, — to show its conformity with this principle. We only wish to show that generally, in view of the difficulties in the development of sickness insurance among agriculturists, a subsidy not merely proportional but increasing in gradually less proportion with the amount of the insurance, must be considered as really of a character to stimulate the sense of thrift among the rural classes.

§ 3. *The Supplementary Mountain Subsidy.*

The representatives of the Swiss rural classes had expressed the desire that the Confederation subsidy should be fixed in accordance with the topographic conditions of the various regions of the country and the assistance guaranteed by the society. We have shown in the preceding section, how this second request has been taken into consideration in the law ; we have now still to show how the law has accepted the first mentioned of these desires of the farmers.

In mountainous districts, where the means of communication are unsatisfactory and the population scattered, sickness insurance societies are either an unknown institution or offer a very uncertain guarantee of good financial organization.

Even the 1899 bill provided that the Federation should bear a portion of the increased expenses of societies, the topographical conditions of which rendered the provision of medical assistance and medicaments a particularly heavy charge. The Message of the Federal Council of 1906, in its turn, showed that the doctor, called to an invalid, often loses half a day or a whole day ; the charge for the visit is affected by this and as the inhabitants of such districts are generally poorly off, the doctor is only called in in cases of extreme urgency and very often too late. To show the deficiency of medical assistance, it is enough to say that in certain regions of Switzerland, 70 or 80 % of the deaths are not certified by doctors."

The Message goes on to say, "We consider it a duty of federal solidarity to encourage and lighten, in particular by means of a supplementary subsidy, the work of insurance in those regions the inhabitants of which have to contend against quite special difficulties. Reasons of the same order have induced the Federation to grant supplementary subsidies to the elementary schools in certain mountain cantons (law of 25th. June, 1904, art. 4)."

Art. 37 of the law we are examining sanctions the principle referred to in the Message, establishing that in the mountain districts where the

means of communication are insufficient and the population scattered, the Federation shall pay the societies a supplementary subsidy of 7 francs per person insured for a full year.

The Swiss agricultural associations, however, thought that this provision was insufficient. The Managing Committee of the "*Swiss Peasants' Union*" and of the "*Swiss Peasants' Secretariat*" addressed a special request to the Council of the States of the Federation, expressing the wish that even in communes where as yet there are no insurance societies, a special subsidy might be granted to societies of similar aim. In mountain regions the societies for assistance in case of illness may not be founded and extended before the charge for the medical visit is reduced, that is when the doctors do not live too far from the villages or hamlets. Not only is there no mutual aid society in these regions but often the communes are too poor to grant the doctors special payments in view of the difficulty of their work. A more general provision had therefore to be made, if it were desired that the inhabitants of districts where conveniences are most wanting, who consequently have most need of assistance, should not be excluded from the benefits of the law.

The Council of States also consented to this desire of the farmers and the 1st. paragraph of article 37 lays down that in these mountain districts, the Federation should grant the cantons, for themselves or for their communes, subsidies for institutions the object of which is to diminish the expenses of medical attendance on the sick or on women in their confinements. These subsidies may not exceed the total amounts provided by the cantons, communes or independent individuals, nor more than three francs a year per head of the population concerned. The Federal Council may make the grant conditional on the foundation of a society in the commune.

We see that the legislative provision could not be more general. In saying that the subsidy will be granted to the institutions aiming at the diminution of the expense of treatment for the sick, without restriction, we include all the various forms of organization of medical assistance, which have been created in the mountain regions. Thus, for example, the communes of one valley guarantee the doctor a certain number of fees by contract in addition to a house allowance, if he undertakes to live in the valley and attend the local sick; the agreement among the communes and the agreement with the doctor are concluded with the evident object of reducing the cost of the medical assistance; here, then, is a first case in which the Federal subvention might be advantageously granted.

A high mountain commune or one particularly devoid of easy means of communication can seldom arrange for a doctor to fix his residence there, and it is equally seldom in a position to offer remuneration and a house allowance proportionate to such unfavourable conditions. In such a case the commune may, however, enter into an agreement with the doctor

of the nearest neighbourhood and guarantee him a travelling allowance fixed in accordance with the number of his visits or that of the kilometres travelled or even fix the amount of the allowance by contract.

Such agreements might also give right to the Federal subsidy as is justly observed in the report of the Swiss Peasants' Secretariat.

Thus the federal subsidy could be even granted in all cases of agreement by which the communes in their turn guarantee subsidies to the nearest hospitals for taking in the local sick, or guarantee a house allowance or travelling allowance to midwives, or even organize a first aid service for urgent cases.

In all these cases it is in fact attempted to reduce the cost of the treatment of the sick. Besides, as the above report of the Manager of the Swiss Peasants' Secretariat says, in those districts where the distances are great and where often in winter the roads are impracticable, even the laying of telephone wires might constitute a legal claim to the federal subvention.

Certainly, a general rule cannot be laid down in the matter, for the local conditions must be taken into account, and it must besides be remembered that the chief object of the law is not to grant subventions or simply to diminish the cost of medical attendance, but to develop sickness insurance. Thus, it is precisely on this consideration that article 37 of the law is based, which provides that the Federal Council may, for these mountain countries, make the grant of the subsidy conditional upon the foundation of an insurance society in the commune. It is not in every part of mountainous countries, as, for example, the Valais or the Grisons, that the cost of medical assistance is so high or the economic conditions of the inhabitants so bad, as to render the foundation of an insurance society impossible. To encourage the foundation of these societies; to bring about even in mountain countries the substitution of the régime of thrift for that of charitable assistance, is the object of this provision in the law.

The yearly expenses the Federation will have to bear for subventions to the insurance societies in the mountain countries were estimated at 500,000 francs.

In the second part of this study we shall deal with the organization of accident insurance and shall give the bibliography for the whole law.

(To be continued).

PART III.

CREDIT.

CREDIT

GERMANY.

I. — RECENT NEWS.

Miscellaneous Information.

1.—**Loans on Second Mortgage.**—The limits, established for the concession of loans by the credit institutions and especially the *Landschaften*, have sufficiently contributed to ensure a high quotation for land bonds, securities specially sought after by those who desire an investment free of serious risk for their money.

However, the established usage of not granting credit for more than 40, 50 and 60 % of the value of the mortgaged estate has not failed to be an embarrassment for land owners in need of money beyond the limit assigned by the mortgage banks. If, on the one hand, these landowners have been granted the means of borrowing an amount equal to 40 or 60 % of the value and that at sufficiently low interest, the usage, let us say, has created serious difficulties to obtaining capital of an amount exceeding the above limit. When the landowners can find private persons disposed to grant them credit on second mortgage they are obliged to submit to extortionate conditions.

The conditions that an owner of houses has to accept to-day if he wishes to mortgage again after a first mortgage has been passed with a mortgage bank, according to the Editor of the German Review, "Die Bank," are sometimes scandalous. The rate of interest itself is not excessively high; it varies generally from 5 to 5½ % and seldom rises to 6 %. But in addition to interest the debtor must pay a commission of from 1 to 3 %, as well as a "damno" (indemnity), varying from 5 to 10 %, according to the nature of the mortgage.

Other examples of usurious loans might be mentioned in abundance. We shall only give one reported by a competent author (A. Ecker — *Die zweite Hypothek* (Second Mortgage) Essen, Schulte 1911). At the end of 1908 a suit was brought before the Court of Essen in connection with a mortgage for which the debtor was to have paid 3,000 marks commission on a loan of 10,000 marks.

This situation of the financial market with respect to second mortgages results chiefly from the fact that it is rare to find credit establishments in Germany that might serve as guides for private individuals in settling the interest on loans on second mortgage.

In fact, as State Councillor Dr. Guttman observes, it is not possible to form capitalist societies with the object of granting credits on second mortgage, as, according to § 1. of the Imperial law on mortgage banks, such societies may not issue securities on land. Co-operative Societies might, as they are authorized by law, issue mortgage bonds in order to obtain the capital they require, but in practice they do not. Only federations of communes would be in a position to grant loans on second mortgage so as to dispose of large amounts of capital. The initiative taken by some large towns and small communes with this intention has indeed had happy results, but it is insufficient in face of the constantly increasing requirements of to-day.

From many places enquiries reach the German press as to what is the principal reason why so many private persons and organizations, that could conduct this kind of credit business do not appear on the market to offer to lend to landowners desirous of mortgaging their lands or houses a second time.

The explanation of this, as many persons state, is the absence of a well arranged organization for the valuation of real estate. We cannot stop to note in this short review the variations in private estimations of property and to speak of the movement now going on in favour of the adoption of the official estimation of property.

We wish rather to make it known that from many localities appeals have come in for measures for rendering it easier to arrange second mortgages under favourable conditions.

The meeting held last summer by the *German Federation of Owners of House and Landed Property* (*Zentral-Verband der Haus- und Grundbesitzer-Vereine Deutschlands*) dealt with this problem which is one of the more serious of those relating to credit at present under consideration in Germany. Under these circumstances, two means for resolving the present difficulties have been indicated.

The first solution proposed is the foundation of a society for mortgage insurance, to guarantee the lender repayment of his loan in case the sale price of the mortgaged real estate is not sufficient to cover the amount of the second mortgage, after payment of that of the first, the taxes, duties, expenses of the process, and of transfer and, lastly, the interest still due on the capital secured on first mortgage. What would best answer the purpose, remarks Herr Ecker, would be the organization of the debtors themselves in a mortgage insurance society.

The second proposal, put forward by the above federation, is to

extend the application of the principle already known, of the "Landschaften," that is to say to found co-operative institutions lending on second mortgage, the landowners guaranteeing the capitalists.

Under such conditions it might be hoped that not only individuals but also savings banks will agree to lend on second mortgage. This solution was approved by Prof. Dr. Hans Crüger who, in an article published in the *Vossische Zeitung* of 25th. July, 1911, declares that the foundation of co-operative societies is a road to the solution of the problem of second mortgage.

Dr. Crüger recommends co-operation, not because the mission of a co-operative society is to lend capital or guarantee second mortgages, but because it acts as an intermediary between lender and borrower and influences the reorganization of the estimation of the property.

This second method, of co-operation, has besides been successfully followed in Denmark. Also in that country where the land debt is large, amounting to 50 % of the total value of the land, in proportion as the credit organization developed, the same needs were felt as now in Germany. The limit of the loans on a first mortgage not being high enough, the landowners (as we saw in a monograph published in this Bulletin, in April, 1911) organized in co-operative credit societies with the exclusive object of obtaining second mortgages. Thus the limit of the loans rose to 3/4 of the value of the property.

In this way 9 associations arose for loans on second mortgage. 6 of these, (the first founded in 1895) for urban credit business had given in 1910 about 100 million francs in loans whilst 3 founded in 1903 and devoting themselves to rural credit business, had furnished nearly 23 million francs.

If we consider the small extent of the Danish territory and again that it is a matter of second mortgages, we cannot help being impressed by the progress of these institutions.

We think our readers will be interested to see the figures of the last balance sheet of the co-operative credit establishments specially concerned with rural credit business :

| Associations | Working Year | Second Mortgages (crowns) |
|---|--------------|------------------------------|
| <i>Jydsk Land-Hypothek forening</i> (Jutland Mortgage Association) | 1910-1911 | 8,460,378 |
| <i>Oestifternes Land-Hypothekforening</i> (Rural Mortgage Association of the Dioceses of the Danish Islands) | 1910-1911 | 6,422,276 |
| <i>Husmands Hypothekforeningen for Danemark</i> (Mortgage Associa- tion of Peasant Proprietors' . . | 1909-1910 | 5,123,818 |

We have mentioned the proposals made in Germany for the solution of the problem of second mortgages and we have wished to elucidate one of the two solutions mentioned by the example of the experience of Denmark. We must, however, add that some persons doubt whether it be possible to solve the problem in Germany, as, in consequence of the optimistic valuations of private experts, the first mortgages correspond not to 60 %, the proportion to which they ought to correspond, but to 75 or 80 %, and even more, of the true value of the real estate. This is why the question of second mortgages, as the editor of the German Review, "Die Bank", observes, is a question of first mortgages.

(Summarised from articles published in the reviews: *Die Bank* (November, 1911), *Bank-Archiv* (1st. January, 1912), *Grundstücks-Archiv* (3rd. October 1911).

*
* *

2. — **German Mortgage Banks in 1911.** — The development of the German mortgage Banks in 1911 was generally satisfactory.

The amount of the mortgages registered, as well as that of the bonds passed in the last working years, is relatively higher than in previous years.

| Years | Mortgages Registered (Millions of marks) | Bonds in Circulation (Millions of marks) |
|----------------|--|--|
| 1911 | 11,595.78 | 11,213.28 |
| 1910 | 11,047.06 | 10,691.00 |
| 1909 | 10,472.73 | 10,168.76 |

These statistics relate to loans granted by 37 mortgage banks and do not include amounts given on mortgage by the co-operative institutions.

The loans effected by these banks are on urban property chiefly. With regard to the Prussian Mortgage banks we saw, in our Bulletin for last December, that in a total of 4 milliard marks lent in 1909 to landed proprietors, more than 3,846 millions were secured on urban real estate and only 233 millions on rural land. There is the same difference of proportion between the two classes of mortgage for the whole of Germany. According to data supplied by Herr Schulte (*Die deutschen Bodenkreditinstitute 1900-1909* — Leipzig, Dunker, 1911) the loans granted by the mortgage banks were distributed as follows:

| Years | Rural Mortgages (Marks) | Urban Mortgages (Marks) |
|-------|----------------------------|----------------------------|
| 1900 | 600,374,071.00 | 5,989,616,732.00 |
| 1909 | 614,869,992.00 | 9,437,663,192.00 |

* We shall not give further details on the working of these banks, on account of the limited interest they have for agriculture. We shall only add that, among these 37 establishments, in only two, the *Bayerische*

Bodenkredit-Anstalt in Würzburg and the *Allgemeine Deutsche Credit-anstalt in Leipzig*, were the amount of loans granted in the course of the last working year less in comparison with those granted in the previous year, and that, besides in the two mentioned, also in the following banks, the *Mecklenburgische Hypotheken- und Wechselbank* and the *Mecklenburg-Strelitzsche Hypothekenbank*, there was a decrease in the number of bonds in circulation, as compared with the previous year.

(Summarized from the *Frankfurter Zeitung* of 6th. February, 1912).

*
* *

3. — **Extension and Distribution of Mortgages in Prussia, 1909-1910.** — Last year (June, 1911) we dealt with the subject of mortgages in Prussia, commencing with the year 1886, and we tried to give the figures published their true value, pointing out the circumstances that might make the increase of the debts on mortgage appear greater than it really is, or might to some degree connect this movement with the general fluctuations in the value of landed property, rather than make it depend exclusively on a larger demand for credit on the part of the owners of real estate.

The observations made last year have not lost their value in view of the new data we reproduce from the *Statistische Korrespondenz*, published by the *Königliches Statistisches Landesamt* of Berlin which we think will be interesting from various points of view.

For the year 1910 we possess only provisional data in the mortgages represented by the following figures.

I. *Variations in the Urban Mortgage Debt in Prussia for 1910.*

| Provinces | Registrations | Cancellations | Excess of Registrations |
|------------------------------|---------------|---------------|-------------------------|
| East Prussia | 58.24 | 29.79 | 284.5 |
| West Prussia | 60.20 | 34.06 | 26.14 |
| Berlin | 430.50 | 237.16 | 193.34 |
| Brandenburg | 868.27 | 420.13 | 448.14 |
| Pomerania | 49.56 | 26.56 | 23.00 |
| Posen | 80.92 | 35.41 | 45.51 |
| Silesia | 187.67 | 80.30 | 107.37 |
| Saxony | 144.63 | 76.66 | 67.97 |
| Schleswig-Holstein | 103.18 | 52.01 | 51.17 |
| Hanover | 135.87 | 73.71 | 62.16 |
| Westphalia | 287.94 | 148.48 | 139.46 |
| Hesse-Nassau | 182.65 | 105.31 | 77.34 |
| Rhenish Provinces | 704.31 | 388.10 | 316.21 |
| Hohenz. Lande | 0.91 | 0.38 | 0.53 |
| Prussia { 1910 | 3,294.85 | 708.06 | 1,586.79 |
| { 1909 | 3,174.05 | 656.95 | 1,517.10 |
| { 1908 | 2,860.68 | 587.04 | 1,273.64 |

II. *Variations in the Rural Mortgage Debt in Prussia for 1910.*

| Provinces | Registrations | Cancellations | Excess of Registrations | |
|------------------------------|----------------|---------------|-------------------------|--------|
| East Prussia | 124.95 | 67.37 | 57.68 | |
| West Prussia | 110.81 | 59.02 | 51.79 | |
| Berlin | — | — | — | |
| Brandenburg | 188.89 | 71.58 | 117.31 | |
| Pomerania | 80.50 | 40.82 | 39.68 | |
| Posen | 113.48 | 59.53 | 53.95 | |
| Silesia | 220.67 | 100.69 | 119.98 | |
| Saxony | 144.49 | 75.43 | 69.06 | |
| Schleswig-Holstein | 119.93 | 53.43 | 66.50 | |
| Hanover | 143.96 | 60.63 | 83.33 | |
| Westphalia | 95.97 | 55.05 | 40.92 | |
| Hesse-Nassau | 67.08 | 36.43 | 30.65 | |
| Rhenish Provinces | 183.76 | 109.25 | 74.51 | |
| Hohenz. Lande | 3.83 | 3.42 | 0.41 | |
| Prussia { | 1910 | 1,598.32 | 792.55 | 805.77 |
| | 1909 | 1,397.75 | 757.47 | 640.28 |
| | 1908 | 1,275.67 | 691.52 | 584.15 |

We see that the excess of the registrations over the cancellations increased by about 10.9 in 1910 as compared with 1909 (in 1909, the increase had been 16.1 % as compared with 1908). This progress is common both to the mortgages in urban and in rural districts. It must, however, be observed that, if in 1909 there was a considerable increase in urban mortgages as compared with those in rural districts, the year 1910 is specially remarkable for the excess of new mortgages over those paid off, in rural districts. In the rural districts there was in fact an increase of 25.8 % observable as compared with 1909 (against an increase of 9.6 % in 1909 as compared with 1908), but we must here, as always in this class of statistics, observe that a certain portion of the mortgage debts is never cancelled, so that the real debt is certainly less than the nominal debt.

In the urban districts the above increase was only 4.6 % (against 19.1 % in 1909, as compared with 1908). The provinces in which the excess of rural registrations over the cancellations was most appreciable were Brandenburg and Silesia.

Although the amount of the mortgage debt for the urban districts seems, for the whole of the Prussian territory, much higher than that of the rural districts, yet on examination of the figures for each province, we shall remark that the loans on mortgage granted in rural districts are, in 8 provinces out of 14, more numerous than those granted in urban districts. In this respect the difference between the figures for East and West Prussia is enormous.

The mortgages cancelled in consequence of compulsory sales of mortgaged real estate amounted in the urban districts to 253.20 million marks and in the rural districts to 61.41 millions. The new mortgages registered in consequence of compulsory sales amounted in 1910 to 8.39 millions in the urban districts alone and to 2.87 in the rural districts.

* * *

With reference to the data for the loans on mortgage in 1909, the "Statistische Korrespondenz" has also published in one of its last numbers, *for the first time*, the distribution, of the mortgages registered and cancelled during the year 1909 throughout the whole Prussian territory, according to their amounts.

It would be superfluous to show the importance of these statistics. Knowledge of the data given in them is almost indispensable, especially for the study of the credit requirements of the various classes of landowners, as well as for the examination of what has been done and what can be done in behalf of large or small estates.

For this reason, we shall place before the reader both the absolute and relative figures, reproduced from the "Statistische Korrespondenz," representing the distribution of the loans on mortgage registered and cancelled in Prussia during the year 1909, according to their amounts.

*Distribution of Loans on Mortgage in Prussia for the Year 1909.*TABLE I^a.

MORTGAGES REGISTERED.

| Classifications of Loans on Mortgage | Number | | | Total Amount (millions of marks) | | |
|---|---------|---------|---------|-------------------------------------|----------|----------|
| | Towns | Country | Total | Towns | Country | Total |
| Up to 500 marks | 9,005 | 28,805 | 37,810 | 2.18 | 6.97 | 9.15 |
| Between 500 and 1,000 m. | 13,195 | 36,880 | 50,075 | 9.60 | 26.79 | 36.39 |
| » 1,000 » 2,000 » | 17,387 | 43,996 | 61,383 | 25.31 | 63.92 | 89.23 |
| » 2,000 » 5,000 » | 35,075 | 61,178 | 96,253 | 119.14 | 207.39 | 326.53 |
| » 5,000 » 10,000 » | 28,774 | 29,539 | 58,313 | 209.44 | 214.58 | 424.02 |
| » 10,000 » 20,000 » | 23,178 | 14,008 | 37,186 | 337.42 | 203.52 | 540.94 |
| » 20,000 » 50,000 » | 20,664 | 7,176 | 27,820 | 701.23 | 243.26 | 944.49 |
| » 50,000 » 100,000 » | 7,146 | 1,781 | 8,927 | 520.15 | 129.38 | 649.53 |
| » 100,000 » 200,000 » | 3,245 | 681 | 3,926 | 467.08 | 98.80 | 565.88 |
| » 200,000 » 500,000 » | 1,390 | 341 | 1,731 | 414.31 | 105.81 | 520.12 |
| » 500,000 » 1,000,000 » | 231 | 67 | 298 | 162.60 | 47.64 | 210.24 |
| of 1 million and over . . | 92 | 28 | 120 | 205.59 | 49.69 | 255.28 |
| Total . . . | 159,362 | 224,480 | 383,842 | 3,174.05 | 1,397.75 | 4,571.80 |

The maximum *number* of loans granted and registered is found, both for the towns and the country, in the class of loans for between 2,000 and 5,000 marks, whilst the maximum *amount* for the urban registrations is presented by the class of loans for between 20,000 and 50,000 marks. Besides, we must observe that the amounts registered in the country districts for the four classes of between 2,000 and 50,000 marks do not show great differences one from the other (207-243 million marks) whilst the corresponding column for the towns shows a rapid increase from 119 to 700 million marks.

TABLE II-a.

MORTGAGES CANCELLED.

| Classifications of Loans on Mortgage | Number | | | Total Amount (millions of marks) | | |
|---|---------|---------|---------|-------------------------------------|---------|----------|
| | Towns | Country | Total | Towns | Country | Total |
| Up to 500 marks | 9,361 | 42,399 | 51,760 | 2.24 | 10.11 | 12.35 |
| Between 500 and 1,000 m. | 10,926 | 31,723 | 42,649 | 7.83 | 22.69 | 30.52 |
| » 1,000 » 2,000 » | 13,577 | 31,594 | 45,171 | 19.47 | 45.20 | 64.67 |
| » 2,000 » 5,000 » | 22,724 | 32,816 | 55,540 | 76.03 | 109.53 | 185.56 |
| » 5,000 » 10,000 » | 16,907 | 14,622 | 31,529 | 121.21 | 104.58 | 225.79 |
| » 10,000 » 20,000 » | 13,565 | 7,245 | 20,810 | 194.50 | 103.64 | 298.14 |
| » 20,000 » 50,000 » | 11,607 | 3,936 | 15,543 | 388.33 | 131.38 | 519.71 |
| » 50,000 » 100,000 » | 3,833 | 1,089 | 4,922 | 274.80 | 77.89 | 352.69 |
| » 100,000 » 200,000 » | 1,622 | 442 | 2,064 | 229.77 | 63.17 | 292.94 |
| » 200,000 » 500,000 » | 758 | 195 | 953 | 221.90 | 57.98 | 279.88 |
| » 500,000 » 1,000,000 » | 128 | 32 | 160 | 84.75 | 20.71 | 105.46 |
| of 1 million and over . . | 25 | 7 | 32 | 36.12 | 10.59 | 46.71 |
| Total . . . | 105,033 | 166,100 | 271,133 | 1,656.95 | 757.47 | 2,414.42 |

These figures afford ground, *mutatis mutandis*, for observations similar to those made with regard to the preceding table.

To emphasise our comments, we give below proportional figures relating to the tables.

TABLE II-b. (Percentage). — *Mortgage Registrations.*

| Classifications of Loans on Mortgage | Number | | | Total Amount (millions of marks) | | |
|---|--------|---------|-------|-------------------------------------|---------|-------|
| | Towns | Country | Total | Towns | Country | Total |
| Up to 500 marks | 5.7 | 12.8 | 9.9 | 0.1 | 0.5 | 0.2 |
| Between 500 and 1,000 m. | 8.3 | 16.4 | 13.0 | 0.3 | 1.9 | 0.8 |
| » 1,000 » 2,000 » | 10.9 | 19.6 | 16.0 | 0.8 | 4.6 | 2.0 |
| » 2,000 » 5,000 » | 22.0 | 27.3 | 25.1 | 3.8 | 14.7 | 7.1 |
| » 5,000 » 10,000 » | 18.1 | 13.2 | 15.2 | 6.6 | 15.4 | 9.3 |
| » 10,000 » 20,000 » | 14.5 | 6.2 | 9.7 | 10.6 | 14.6 | 11.8 |
| » 20,000 » 50,000 » | 13.0 | 3.2 | 7.2 | 22.1 | 17.4 | 20.7 |
| » 50,000 » 100,000 » | 4.5 | 0.8 | 2.3 | 16.4 | 9.3 | 14.2 |
| » 100,000 » 200,000 » | 2.0 | 0.3 | 1.0 | 14.7 | 7.1 | 12.4 |
| » 200,000 » 500,000 » | 0.9 | 0.2 | 0.5 | 13.1 | 7.6 | 11.4 |
| » 500,000 » 1,000,000 » | 0.1 | 0.03 | 0.1 | 5.1 | 3.4 | 4.6 |
| of 1 million and over . . | 0.1 | 0.01 | 0.03 | 6.5 | 3.6 | 5.6 |
| Total . . . | 100 | 100 | 100 | 100 | 100 | 100 |

TABLE II-b. (Percentage). — *Cancellations of Mortgages.*

| Classifications of Loans on Mortgage | Number | | | Total Amount (millions of marks) | | |
|---|--------|---------|-------|-------------------------------------|---------|-------|
| | Towns | Country | Total | Towns | Country | Total |
| Up to 500 marks | 8.9 | 25.5 | 19.1 | 0.1 | 1.3 | 0.5 |
| Between 500 and 1,000 m. | 10.4 | 19.1 | 15.7 | 0.5 | 3.0 | 1.3 |
| » 1,000 » 2,000 » | 12.9 | 19.0 | 16.7 | 1.2 | 6.0 | 2.7 |
| » 2,000 » 5,000 » | 21.6 | 19.8 | 20.5 | 4.6 | 14.5 | 7.7 |
| » 5,000 » 10,000 » | 16.1 | 8.8 | 11.6 | 7.3 | 13.8 | 9.4 |
| » 10,000 » 20,000 » | 12.9 | 4.4 | 7.7 | 11.7 | 13.7 | 12.3 |
| » 20,000 » 50,000 » | 11.1 | 2.4 | 5.7 | 23.4 | 17.3 | 21.5 |
| » 50,000 » 100,000 » | 3.6 | 0.7 | 1.8 | 16.6 | 10.3 | 14.6 |
| » 100,000 » 200,000 » | 1.5 | 0.3 | 0.8 | 13.9 | 8.3 | 12.1 |
| » 200,000 » 500,000 » | 0.7 | 0.1 | 0.4 | 13.4 | 7.7 | 11.6 |
| » 500,000 » 1,000,000 » | 0.1 | 0.02 | 0.1 | 5.1 | 2.7 | 4.4 |
| of 1 million and over . . | 0.02 | 0.004 | 0.01 | 2.2 | 1.4 | 1.9 |
| Total . . . | 100 | 100 | 100 | 100 | 100 | 100 |

Thus, therefore, we shall find about 90 % of the mortgages registered in the rural districts (to be exact 89.3 %) belong to the lower classes of mortgages not exceeding 10,000 marks in amount ; whilst the number of urban mortgages in the same classes was 65 % of the total. It is only when we include the urban mortgages up to 50,000 marks that we get 90 % (to be precise, 88.8 %) of the total number.

The different distribution of urban and rural mortgage registrations is more apparent when we consider the distribution by amounts ; the greatest concentration of the sums lent on mortgage is observed, in the case of urban districts in the classes of loans between 10 and 500,000 marks (76.9 %) and in the case of rural districts in the classes between 2,000 and 100,000 marks (71.5 %).

As to cancellations of mortgages, it may be stated that the urban and rural districts present the same characteristics : a greater concentration of number and amount in the lower classes of rural mortgages than in the same classes of urban mortgages.

In fact, in the urban districts 53.8 % of the mortgages cancelled and 6.4 % of the total value were presented by the classes up to the amount of 5,000 marks. For the same classes of mortgages the corresponding figures were for the rural districts 83.4 % of the total number and 24.8 % of the total value.

(Summarised from the *Statistische Korrespondenz* of 2nd. December, 1911 and 20th. January, 1912).

* * *

4. — **How the Prussian Savings Banks invest their Capital.** — In the monograph on land credit in Prussia (Bulletin of Social and Economic Intelligence, December, 1911) we published figures relating to the investment of the moneys deposited in the Prussian Savings Banks during the year 1909, reproducing them from a remarkable publication by the President of the Royal Prussian Statistical Office, G. Evert, in the "*Zeitschrift des K. Preussischen Statistischen Landesamts*," for 1911 (2nd. Part).

The "*Statistische Korrespondenz*" has put us now in a position to give the data for the year 1910, which was equally favourable to the Savings Banks.

The amounts deposited during the year 1909 were 764.51 millions mks.; they were 774.56 millions in 1910; the total amount in deposit, which was 10,332,231,727 marks in 1909 reached 11,106,793,497 mks. in 1910, that is to say there was an increase in one year of $7\frac{1}{2}$ %.

Even in relation to the population there was an increase, the amount of the deposits, rising from 259.40 million marks per inhabitant in 1909 to 276.19 millions in 1910. The great progress made by the Savings

Banks will also clearly appear from a consideration of the continual increase in the average of deposits per inhabitant. This was in fact as follows : 3.27 marks in 1850 ; 8.29 in 1860 ; 20.17 in 1870 ; 58.46 in 1880 ; 109.55 in 1890 ; 166.68 in 1900. In 60 years the average of deposits per inhabitant has increased 84 fold.

In 1910 the number of savings banks had risen to 1,711 or 19 more than in 1909.

They are distributed as under :

| | | |
|--|-----|-------|
| Urban Savings Banks. | 774 | 51.29 |
| Rural Commune Savings Banks | 272 | 6.87 |
| District " " | 473 | 33.07 |
| Provincial " " | 6 | 3.36 |
| Private " " | 186 | 5.40 |
| Total | | 100 |

The profits realised by the Savings Banks have also appreciably increased. From 84.27 millions in 1909 they reached 92.63 millions in 1910.

The figures relating to the investment of the interest bearing capital of the Savings Banks are of special interest for us, since they refer in large part to loans on rural mortgage. The increase in this capital between 1909 and 1910 was 824 millions. In 1909 and 1910 the capital belonging to the banks was invested as follows :

Investments of the Prussian Savings Banks.

| Nature of Investments | 1910 | 1909 | 1910 | 1909 |
|-------------------------------------|------------------|------------------|-------|-------|
| | (marks) | (marks) | % | % |
| Urban Mortgages | 4,586,797,473.49 | 4,223,704,760.74 | 39.58 | 39.23 |
| Rural " | 2,302,851,312.77 | 2,176,454,801.36 | 19.87 | 20.22 |
| Certificates to Bearer | 2,738,561,104.29 | 2,601,326,037.32 | 23.63 | 24.16 |
| Unsecured Bonds | 15,867,658.78 | 15,369,600.59 | 0.14 | 0.14 |
| Secured Bonds | 170,465,970.87 | 161,803,426.63 | 1.47 | 1.50 |
| Bills of Exchange. | 107,295,806.52 | 80,800,642.52 | 0.93 | 0.75 |
| Loans secured on Pledge | 105,658,936.25 | 109,954,948.74 | 0.91 | 1.02 |
| Loans to Institutions | 1,431,083,932.12 | 1,302,369,142.52 | 12.35 | 12.10 |
| Other Investments | 130,365,868.68 | 93,535,715.85 | 1.12 | 0.87 |

The Savings banks are now tending more and more to invest their own capital in loans on urban mortgage and to public institutions. On the contrary, there is a decrease in the relative amount of investments in certificates to bearer, which, in 1905, represented 26.27 % of the total invested capital and in 1910 had decreased to 23.13 %. However, in view of the enormous amounts thus invested, the decrease has so far had no practical effect. The same may be said with regard to the loans on rural mortgage, which now form 19.87 % of the total amount against 20.22 % in the preceding year, whilst the absolute figures are 2,739 million marks against 2,601 in the preceding year.

The table we give below shows that the loans on rural mortgage equalled and exceeded those on urban mortgage in the 30 years from 1856 to 1886, and since 1886 the urban loans have predominated more and more until they have doubled the rural loans.

*Total Mortgage loans granted by the Prussian Savings Banks.
from 1856 to 1910.*

| Years | Total Capital Invested | Mortgages | |
|----------------|------------------------------|-------------------------|-------------------------|
| | | Urban | Rural |
| | Millions of Marks | Millions of Marks | Millions of Marks |
| 1856 | 92 | 21 | 18 |
| 1861 | 176 | 40 | 42 |
| 1866 | 276 | 73 | 75 |
| 1871 | 590 | 150 | 162 |
| 1876 | 1,246 | 348 | 328 |
| 1881 | 1,754 | 490 | 491 |
| 1886 | 2,574 | 669 | 693 |
| 1891 | 3,553 | 1,035 | 931 |
| 1896 | 4,884 | 1,434 | 1,241 |
| 1901 | 6,524 | 2,219 | 1,545 |
| 1906 | 9,181 | 3,486 | 1,967 |
| 1907 | 79,491 | 3,712 | 2,029 |
| 1908 | 10,001 | 3,914 | 2,076 |
| 1909 | 10,765 | 4,224 | 2,176 |
| 1910 | 11,589 | 4,587 | 2,303 |

In any case we may say that the savings banks are still an abundant source of capital for rural credit even if the interests of agriculture may excite the desire to see investments in rural loans reassume the relative importance they formerly had.

(Summarised from articles in the *Sächsische Korrespondenz* of 16th. December 1911 and the *Zeitschrift des Statistischen Landesamts*), (Number II, 1911).

II. — BIBLIOGRAPHY,

Publications of Recent Date Relating to Non Co-operative Agricultural and Land Credit.

Non-official publications :

Books and Pamphlets

PABST: Öffentliche Hypothekenbanken und Pfandbriefinstitute vom Standpunkte der Wohnungsfrage (*Public Mortgage Banks and Institutions issuing "Lettres de gages", from the point of view of the Housing Problem*). From the "Jahrbücher für Nationalökonomie und Statistik". 1911.

REMY, Dr. AD.: Das Hypothekenrecht für den Landmann (*Mortgage Law for the Use of Farmers*) Berlin, Verlag des Generalverbandes ländlicher Genossenschaften für Deutschland. 1911. pp. 201.

(The Part played by Loan and Savings Banks in connection with Rural Property. The Land Register and its Organization. Mortgages and their Object; their Use and Legislative Regulations).

Articles in Periodicals :

A. L.: Die Zweite Hypothek (*Second Mortgage*). *Die Bank*. November, 1911. Berlin.

Dr. I. BUDDE: Geh. Staatsrat: Die Entwicklung der deutschen Hypothekenbanken seit Erlass des Reichshypothekenbankgesetzes (*The Development of German Mortgage Banks since the Imperial Law on Mortgage Banks*) *Bank-Archiv*. December 15th., 1911.

Dr. CUTTMANN, Regierungsrat: Erleichterung des zweistelligen Hypothekarkredits (*How to Encourage Loans on Second Mortgage*) *Bank-Archiv*. January 1st., 1912. Berlin.

NEDELJKOVITCH, Dr. MILORAD: Etude sur les Banques hypothécaires (*Study on Mortgage Banks*) *Revue Internationale du commerce, de l'industrie et de la banque*, September 30th. and December 31st., 1911.

(Theoretical Study dealing also with the Rôle and Action of the German Land Credit Institutes).

F. THOWART: Die Depositengelder in der Bankenquete (*Deposits according to the Enquiry into the Banks*). *Bank-Archiv*. January 1st., 1912. Berlin.

H. WANKOWSKI: Die Entschuldung der Ostpreussischen Landwirtschaft (*Dismortgaging of East Prussian Agriculture*). *Monatschrift für christliche Sozialreform*. November, 1911. Basle.

ZURHORST, Dr. A.: Vorschläge zu den landwirtschaftlichen Bodenkreditreformen der jüngsten Zeit (*Proposals for Rural Land Credit Reform*) *Zeitschrift für die gesamte Staatswissenschaft*, no. 1. 1912. pp. 76-142.

(I. The Latest Reforms. Dismortgaging by means of Life Insurance. II. Improvement in Taxation. III. Raising of the Limits for Loans. IV. Centralisation of Rural Land Credit).

Kritik der Hypothekenbanken (*Criticism of the Mortgage Banks*). *Internationaler Volkswirt* January 14th., February 11th., and 18th., 1912. Berlin.

(Historical and Critical Review of the following Banks :

- I. Hypothekenbank in Hamburg ;
- II. Rheinische-Westfälische Boden-Kredit-Bank.
- III. Deutsche Hypothekenbank in Meiningen ;
- IV. Deutsche Hypothekenbank (A. G.) in Berlin ;
- V. Sächsische Bodenkreditanstalt ;
- VI. Preussische Pfandbrief-Bank ;
- VII. Schlesische Boden-Kredit-Aktien-Bank).

Vom Markt der Hypothekenbank-Obligationen (*Market for the "Lettres de gage"*). *Frankfurter Zeitung*. November 19th., 1911. 1st. Edition, Frankfurt.

(The "Frk. Z." criticizes the Methods followed by the Mortgage Banks in the placing of their Bonds. They entrust their Sale to Bankers who receive a Commission varying from $\frac{1}{4}$ to $\frac{3}{4}$ per cent for each bond that does not come into the Market again within the year).

4 $\frac{1}{2}$ Proz. Hypothekenbank-obligationen ? (*Mortgage Bonds at 4 $\frac{1}{2}$ per cent ?*). *Frankfurter Zeitung*. January 27th., 1912. Frankfurt.

(Discussion of the Advisability of issuing 4 $\frac{1}{2}$ % Bonds).

Bodenkredit und Kommunen (*Land Credit and the Communes*) *Frankfurter Zeitung*. January 28th., 1912. Frankfurt.

(On the Advisability of the Communes conducting Land Credit Operations).

Hypothekenstückelung (*Classification of Mortgages according to Value*).

(From the "Statistische Correspondenz" figures are reproduced showing the Mortgages registered and cancelled in 1909, classified according to amount.).

Preussisches Landesökonomie-Kollegium (*Prussian Council of National Economy*). *Frankfurter Zeitung*. February 10th., 1912. Frankfurt.

(Summary of Prof. Dr. Sering's Report on the system in vigour for the classification of Landed Property).

Die ländliche Grundverschuldung in Preussen 1909. (*Agricultural Indebtedness in Prussia, 1909*). *Agrarpolitische Wochenschrift*. January 4th., 1912.

Geschäftsbericht der K. Landeskulturrentenkommission für das Jahr 1911 (*Report of the "Royal Commission on Credit for Agricultural Improvements" for 1911*). *Landeswirtschaftliches Jahrbuch für Bayern*. 1912. no. 1).

Landeskulturrentenbank (*Bank for Credit for Improvements*) *Zeitschrift für Agrarpolitik*. Dec. 1911).

(The Development of the Work of the Saxon Bank).

CREDIT

AUSTRIA.

I. — CURRENT QUESTIONS.

Bill on Dismortgaging and the Attitude of the Farmers.

Sources :

Entwurf eines Bodenentschuldungsgesetz, 1910 (*Bill on Dismortgaging of Rural Land*).
Gutachten des Allgemeinen Verbandes landwirtschaftlicher Genossenschaften in Oesterreich über den Gesetzentwurf betreffend die Belohnung des mittleren landwirtschaftlichen Grundbesitzes (Bodenentschuldungsgesetz) erstattet dem K.K. Ackerbauministerium. (*Opinion of the General Federation of Agricultural Co-operative Societies of Austria communicated to the I. R. Minister of Agriculture upon the Bill on Dismortgaging or the Manner of granting Mortgage Loans to the owners of medium sized estates*).

§ 1. Introduction.

The injurious effects on rural property of burdening it too heavily with mortgages at high interest are well known : the farmer is often forced to employ a large part of his revenue in paying the interest without succeeding in redeeming his property from the burdens upon it.

Above all small and medium sized estates suffer severely : instead of being redeemed from the existing mortgage burdens, they are continually incurring further debt. This is a serious danger for the great mass of the agricultural population, since a continually larger portion of the total yield of the soil has to be diverted from the use that might have been made of it for the satisfaction of household requirements and for the greater development of the farms.

It has been calculated that the indebtedness through mortgage, of the small and medium estates of the nine Austrian provinces that kept regular land registers(1), had risen during the period 1868-1906 from 2,447 to 6,897 million crowns; that is, there was an increase of 4,450 million crowns in 38 years.

Very naturally, the farmers competent have occupied themselves with this state of things, especially due to the imperfect organization of credit on mortgage. And for this reason, already in 1903, the Superior Council of Agriculture made studies and proposals on the matter and the Government, Agricultural Corporations, and Public and Private Bodies occupied themselves extensively with the subject. Thus, a current of ideas was formed, an entire group of proposals of reform, going under the name of "Austrian Dismortgaging Programme," (*Österreichisches Entschuldungsprogramme*), and tending to regulate and organize the rural debt on mortgage on the following lines: (1) the mortgage loans must be contracted only with credit institutes of public utility, and especially with the Provincial Mortgage Institutes (*Landeshypothekenanstalten*); (2) it must be arranged that they cannot be called in; (3) the rate of interest must be fixed for the whole period of the loan; (4) they must be repayable in annual instalments.

§ 2. Mortgage Indebtedness and Agricultural Credit Co-operation.

In 1910 the Government prepared a bill on the above lines and submitted it to the examination of the Agricultural Corporations inviting them to give their opinion upon it. It is a reform the object of which is twofold: (1) that of founding a kind of undistrainable homesteads by limiting as far as possible the cases of sequestration of small and medium estates; (2) of setting a limit to the progressive mortgage indebtedness by a better organisation of rural mortgage credit. With this end in view the bill lays it down that small and medium sized rural properties cannot be burdened with mortgages beyond a certain limit; that these cannot be called in and are extinguishable at long maturity in annual instalments.

When speaking of this bill on a previous occasion (2) we said we should return to the subject as soon as the agricultural organizations had given their opinion on it. Now, the General Federation of Agricultural Co-oper-

(1) See detailed statistical notes and bibliography, *Bulletin of Economic and Social Intelligence*, Year II, No. 8, pp. 197 et seqq.

(2) See text of the Bill, in *Bulletin of Economic and Social Intelligence*, Year I, No. I, pp. 171 et seqq.

ative Societies of Austria (*Allgemeiner Verband landwirtschaftlicher Genossenschaften in Österreich*) has forwarded its opinion to the I. R. Agricultural Department, and we shall summarise it here, considering its importance as the expression of the opinion of the agricultural economic organisations. Let us observe here that it deals with the problem especially in relation to the personal credit organized by the co-operative societies.

Whatever be the manner in which the dismortgaging is carried out, says the General Federation, it is certain that agricultural credit co-operation will have a difficult task to accomplish. Since, if on the one hand, the reform presupposes the existence of mortgage credit institutes capable of satisfying all requirements, on the other hand, a perfect organization of personal credit is no less necessary. Until both mortgage credit and personal credit are completely organized, the proposed law cannot begin to be applied.

The personal credit granted by the Raiffeisen banks is in close relation with the mortgage credit. It cannot be denied that the Agricultural co-operative credit societies in granting loans take due account of the real securities offered by the borrower, although the credit is not entered in the land register. Therefore the problem of dismortgaging closely concerns the co-operative credit societies ; in fact if rural land property could be mortgaged to such a degree as to leave no margin of indirect guarantee for personal credit, it is evident that the work of the Raiffeisen Banks would be seriously affected.

Let us examine in greater detail the relation between personal credit and credit on mortgage, the fundamental point dealt with by the Federation. The Raiffeisen Banks when they grant loans to landowners keep in mind that if the personal security of the debtor is dubious, or if he is unable to fulfil his engagements, they have a means of securing their right by the obligatory entry of their credit in the land register. The bill, § 24, admits indeed that a creditor who sees his rights endangered may have recourse to compulsory registration of the mortgage, but it adds that the mortgage right is lost by prescription (except for the cases laid down in the law) within three years for the half of the capital, and within 6 years for the other half, if within these periods the creditor does not proceed to sequester the debtor's effects.

Now, it is right to admit the possibility of any creditor eventually securing his right by means of compulsory registration of the mortgage, otherwise it would be very difficult for the farmer to find the personal credit he requires. And it is also right to fix a term within which the mortgage rights so acquired lapse, otherwise any creditor would be given the possibility of constituting real second mortgages properly so called. *

The weak point in the proposal is in the excessive limitation of the terms and in the conditions laid down under which the mortgage right

acquired as above is fully valid. When a creditor is compelled to ensure his credit by means of compulsory registration, it is a sign that the economic situation of the debtor is such that it is generally impossible for him to fulfil his obligations in a short time. Now, in such conditions, the most that can be required of him is payment in instalments with long intervals at first, since generally it will be difficult for him, in his circumstances, to make large payments in succession at short intervals. On the other hand, if left time to put his affairs in order and to improve his economic position, he will be able, in a few years, to fulfil his engagements with less difficulty. Therefore the period of three years for prescription of the mortgage claim, as far as concerns the half of the capital, seems too short. The result will be, that, given the small probability of the debtor repaying half the capital within the first three years, the creditor will be obliged to proceed to sequester, if he does not wish to lose the security acquired, which means that he, in spite of himself, will be the immediate cause of the debtor's economic ruin.

Let us now consider the situation with regard to the Raiffeisen Banks. They do not grant loans on mortgage repayable at long date in small annual instalments; again it is not in accordance with their principles to ensure their insecure credits by compulsory entry in the registers, when in all probability they will later on have to proceed to sequestration.

In fact, in view of their responsibility towards the depositors, they must immediately proceed to sequester the effects of the debtor, who, within three years has not paid half, and within six years the other half of the amount compulsorily entered in the register of mortgages.

In this way, the Raiffeisen banks, which, according to the present system, may wait for the debtor to fulfil his engagements when his economic position permits, thus giving him the opportunity of continuing his work, and escaping economic ruin, would lose their character of institutions of public utility, to become mere financial institutions like so many others.

The bill, then, would have the effect, either of diverting the Raiffeisen banks from the course hitherto pursued by them with so much success, or of rendering credit difficult and often impossible for the less wealthy population, who are most in need of it.

The situation is further complicated by the fact that the members, sometimes only possessing a small piece of land, will find it very difficult to induce any one to stand surety for them, when they are in need of loans; a person reflecting on the possibility of having to have recourse to the disagreeable measure of proceeding to sequester for the recovery of a loan secured by personal guarantee will seldom make up his mind to sign as surety for a bond.

All this would tend to enfeeble agricultural credit co-operation also from another point of view: the depositors would no longer have the same

confidence in the Raiffeisen banks, and their savings would rather go to the savings banks or other banking establishments. So that part of the savings of the agricultural population, instead of returning to agriculture by means of the Raiffeisen banks, would go to benefit other classes of citizens, to the advantage of industry and commerce.

Therefore the General Federation proposes that § 24 of the bill be modified in the sense that the time prescribed for the lapse of the mortgage rights deriving from compulsory registration of a credit should be 6 years for the whole amount; so that there should be no longer question of prescription at the end of three years with respect to half the capital. While the term of three years is in general too short to allow of an individual recovering himself in an economic sense, that of six is considered sufficient.

§ 3. *Second Mortgages and Personal Credit.*

One of the principal objects of the dismortgaging is to hinder future second mortgages. It is precisely by this idea the bill is inspired. It is evident that if it really succeeds in rendering successive mortgages impossible, personal credit will greatly develop, hence the organization of agricultural credit would have a larger duty to perform than at present.

But the existence of a larger number of Raiffeisen banks is not sufficient to correspond to the increased requirements. In several provinces of Austria the agricultural credit co-operative societies have abundant funds, whilst in others these are lacking. Therefore parallel with the action for dismortgaging there should be one for a better organization of personal credit. With this object the Government has presented a bill for the foundation of a *General Credit Institute for the Co-operative Societies*; yet it is not certain it will be passed.

The institutes directly called on to carry out the proposed mortgage reform are, as we have said, the *Provincial Mortgage Credit Institutes* (*Landeshypothekenanstalten*), and the bill keeps these in mind, while it loses sight of the credit co-operative societies.

Now on account of their importance and the more extensive duties they will assume when the law comes into force, the law must determine the relations between the *mortgage credit organizations* (*Landeshypothekenanstalten*) and the *personal credit organisations* (Raiffeisen Banks); it must make clear the rights and duties of each with regard to the work of dismortgaging.

The General Federation in giving its opinion continues with the observation that the bill does not take into due account the distinction

between "credit for permanent improvement" and "credit for working expenses". But if credit on mortgage is used to satisfy the requirements of credit for working expenses, it misses its end with disastrous consequences. The bill then ought to provide that temporary need of money, which can be met by the ordinary farm revenue, should not be satisfied by credit on mortgage.

As then dismortgaging can be arranged also in other ways than those proposed, for example, by means of insurance, the General Federation hopes that the bill will leave the possibility open of eventually following that method.

§ 4. *Mortgage as Security and the Term of Maturity.*

Now coming to such of the observations which, while matters of detail, are not without importance, we shall note §§ 14 and 15.

§ 14 of the bill lays down that mortgages passed as security cannot be registered unless they are at a fixed rate of interest, cannot be called up and are extinguishable in annual instalments.

Now it happens that the Raiffeisen banks, besides giving loans on bonds, also grant loans on current account, and this, especially in those regions in which agriculture is most developed, where the peasants not only attend to the farm business but also trade in cattle, fruit, timber, etc. Naturally, the person for whom a current account is opened must give security, which in this case is generally a mortgage. But such mortgages given in security differ very much one from another in character; the provision in art. 14, consequently, does not seem appropriate. In fact, the mortgage given as security is intended to remain and serve its purpose as long as the possessor of the current account has business relations with the bank; after cessation of this, accounts must be settled. If the account shows a debit balance and the person does not pay, the Bank cannot renounce its right of exacting repayment of its credit. Hence it is not right that such a mortgage should not be liable to be called in; if it were not, it would serve no purpose.

And neither is it right that it should be repayable in annual instalments; if the current account lasts a long time and the value of the mortgage is gradually reduced, it will become necessary from time to time to reintegrate it by means of a new mortgage.

Therefore the General Federation proposes that § 14 be struck out.

§ 15 fixes a minimum limit of 10 years and a maximum of 60 for repayment of the mortgage debt by annuities with interest. But the minimum term of 10 years is too short and threatens to cause the failure of the law itself in its fundamental aims.

The law laying down the conditions of exemption of the mortgage from liability to be called in, fixed rate of interest, and extinction in annual instalments, aims at the prevention of second mortgages, considering that on the one hand the credit institutes do not generally grant loans on second mortgage and that private individuals have no interest in lending on mortgage under such conditions.

Yet this hypothesis is not justified when the minimum term is fixed at ten years. Consider § 17, paragraph 1. It provides that the creditor may ask repayment of his mortgage credit on six months notice, when the debtor is more than a year in arrear through failure to pay the annuity or the interest. It is clear that not a few private capitalists will speculate on the possibility of the debtor falling into arrears, and will readily lend on second mortgages. And reasonably, because it will be very difficult for the peasant to pay large sums punctually for many successive years, the repayment of a debt in 10 years means an annual payment of about $12\frac{1}{2}\%$. Now it is probable that the peasant will not be able, through bad harvests, loss of cattle, etc., punctually to meet such important engagements. In such cases there would be a serious danger in second mortgages. Therefore the General Federation proposes that the minimum term be raised from 10 years to about 25 years.

* * *

The Agricultural Department, in calling on the organisations to give their opinions on the merits of the bill, desired to learn all the grounds on which it might be eventually amended.

The fundamental idea put forward by the General Federation is this: the action for the dismortgaging presupposes the perfect working not only of mortgage credit, but also of personal credit, as they are in close relation to each other. The bill has not taken sufficient account of this, and therefore it is to be hoped it will be modified and completed so that the organization of personal credit, instead of being enfeebled, may correspond to all new requirements. Already, in many countries, for some time attempts have been in process to substitute the system of personal credit in part for that of credit on mortgage, completing the latter by more extensive organization of personal credit which is generally less dangerous for agriculture.

II. — BIBLIOGRAPHY.

Publication of Recent Date Relating to Non-Co-operative Agricultural and Land Credit.

- (1) Rechnungs-Abschluss der Niederösterreichischen Landes-Hypothekenanstalt mit 31. Dezember 1910 (*Financial Report of the Lower Austrian Provincial Mortgage Institute on December 31st., 1910*) Vienna, 1911. Edition of the Mortgage Institute.
 - (2) Die Landesbank des Königreiches Böhmen, 1911 (*The Provincial Mortgage Bank of the Kingdom of Bohemia, 1911*) Prague, 1911. A. Hasse.
 - (3) Rechnungs-Abschluss der Landesbank des Königreiches Böhmen für das Jahr 1910 (*Financial Report of the Provincial Bank of the Kingdom of Bohemia for the Year 1910*). Prague, 1911, Edition of the Provincial Bank.
 - (4) Tätigkeitsbericht und Rechnungsabschluss der Hypothekenbank der Markgrafschaft Mähren für das Jahr 1910 (*Report on the Working and on the Balance Sheet of the Mortgage Bank of the Margraviate of Moravia for the Year 1910*). Brünn, 1911. Edition of the Mortgage Bank.
 - (5) Rechnungs-Abschluss der Osterr.-schlesischen Bodenkreditanstalt des Landes Schlesien mit 31. Dezember 1910 (*Financial Report of the Austro-Silesian Credit Institute on December 31st., 1910*). Troppau, 1911. A. Riedel.
 - (6) Geschäftsbericht der Direktion der Landesbank des Königreiches Galizien und Lodomerien mit dem Grossherzogtume Krakau für 1910 (*Financial Report of the Provincial Bank of the Kingdom of Galicia and Lodomeria and the Grand Duchy of Cracow for the Year 1910*). Lemberg, 1910. Pillar-Neumann.
 - (7) Rechnungs-Abschluss der tirolischen Landes-Hypothekenanstalt pro 31. Dezember 1910 (*Financial Report of the Provincial Mortgage Institute of the Tyrol on 31st. December, 1910*) Innsbruck. Edition of the Institute.
 - (8) Resoconto dell'Istituto provinciale di credito ipotecario della Contea principesca di Gorizia e Gradisca per il 7° periodo di gestione. Anno 1910 (*Report of the 7th. Working Year (1910) of the Provincial Mortgage Credit Institute of the Province of Gorizia and Gradisca*) Gorizia, 1911. Social Press.
-

CREDIT

EGYPT.

CURRENT QUESTIONS.

I. — Organization and Development of Land and Agricultural Credit in Egypt.

Sources :

Official Publications :

Ministère des Finances. Direction de la Statistique. « Annuaire Statistique de l'Egypte » (*Department of Finance. Statistical Division. « Egyptian Statistical Yearbook »*) 1911 Cairo. National Press, 1911.

Publications of the Mortgage Banks.

Rules and Annual Reports of the following Banks :

- (a) Agricultural Bank of Egypt ;
- (b) Crédit foncier Egyptien (*Egyptian Land Credit Institute*) ;
- (c) Land and Mortgage Company of Egypt ;
- (d) Caisse hypothécaire d'Egypte (*Egyptian Mortgage Bank*) ;
- (e) Land Bank.

Other Publications :

ANDRÉ MASSON : Des rapports entre les opérations des banques et le crédit hypothécaire en Egypte (*Relations between Banking Operations and Credit on Mortgage in Egypt*). Paris, Giard, 1911.

Prof. PIERRE ARMINION : La situation économique et financière de l'Egypte (*Economical and Financial Situation of Egypt*) Paris, Alcan, 1907.

Dr. ALFRED EID : La fortune immobilière de l'Egypte (*Real Estate Property in Egypt*), Paris, Alcan, 1907.

§ I. *Conditions Favouring Investment in Mortgages in Egypt.*

The organization of credit in behalf of agriculture in Egypt is of rather recent date.

It was really only in 1880 that the first financial establishment, the Egyptian Land Credit Institute, was founded. And it could not have

been otherwise since before that date, the juridical, economic and administrative conditions were wanting which later have permitted and encouraged the development of credit operations in behalf of agriculture. It was only in the second half of the last century that a regular juridical and administrative system was established. Real estate property itself is of recent date and the registration of mortgages only became possible with the institution of mixed international tribunals after 1876.

In the last thirty years there have been established, let us say, all the guarantees indispensable to promote the influx of capital which was lacking in Egypt, as in every new country.

The Government which now enjoys a reputation for political and administrative rectitude, inspires full confidence. Even the State finances repose on solid bases, and for a long time the accounts have been closing with appreciable surpluses, as may be seen from the following figures for the years 1902-1910.

Egyptian Balance Sheets, 1902-1910.

| Years — | Revenue | Expenditure |
|----------------|--------------------------|-------------|
| | (in Egyptian Pounds) (1) | (1) |
| 1902 | 12,149,000 | 11,433,000 |
| 1903 | 12,464,000 | 11,720,000 |
| 1904 | 13,906,000 | 12,700,000 |
| 1905 | 14,813,000 | 12,125,000 |
| 1906 | 15,337,000 | 13,162,000 |
| 1907 | 16,368,000 | 14,280,000 |
| 1908 | 15,522,000 | 14,408,000 |
| 1909 | 15,403,000 | 14,242,000 |
| 1910 | 15,966,000 | 14,415,000 |

Together with the legal protection of the creditors, the law, since the coming into force of the mixed Civil Code, gives every reason for confidence with regard to the preservation of and respect for the legal bonds, formed by mortgages and established for the security of loans.

(1) The Egyptian pound contains 10 piastres, each of which contains 10 millièmes.

The mixed civil code has reproduced in Egypt the mortgage régime adopted by the French and Belgian law. In some points the Egyptian law has even, in the mixed civil code, introduced improvements increasing the security of the creditors as compared with that afforded by the French law.

In Egypt, in fact, to be valid, a mortgage must be copied and entered in a register kept by the clerk of each court and signed, page by page, by a judge. In this way secret mortgages are unknown in Egypt, while they are admitted in the Napoleonic Code and in the Codes modelled upon it. Thus, in France, article 2,135 of the Napoleonic Civil Code permits of registration being dispensed with, although mortgages remain pleadable against third parties to the advantage of minors and those without civil rights, when on real estate belonging to their tutors or curators, or, in the case of married women, on the property of their husbands. Consequently, the condition of the creditor in Egypt is, in this respect, more secure than in France, because he need not be afraid of one day finding his mortgages classed after others, the existence of which he could not suspect.

The procedure for expropriation does not differ substantially from that in use in France, Belgium and many other European States. The international tribunals again constitute an additional security for the observation of obligations contracted by the debtors. They are composed of European magistrates designated by the 14 signatory States of the Egyptian Reform and of Magistrates of the Country. The president of the Chamber of Council is always a European judge and he has the casting vote. The European judges also form the majority in each court.

To these political and juridical circumstances, necessary for rendering possible the stipulations of the mortgage loans, economic conditions have recently been added, which have favoured the formation and development of large institutes of rural credit.

It is well known how closely the destinies of Egyptian agriculture are bound up with the irrigation due to the overflowing of the Nile. On account of the great rarity of rain and the dryness of the climate, vegetation would be impossible, if the Nile did not, with periodical beneficent inundations and deposit of its slime, render the region submerged by it the most productive among the fertile countries of the world. Yet, without the regulating hand of man, who, from the remotest times, has sought by means of immense dikes and canals to direct and distribute better the course of the water, a large part of the wealth lavished on Egypt by the Nile would be lost. The irregularity of the seasons would often cause great damage, now by devastating floods and now by excessive drought, in the same regions. It is easy to understand how irreparable must be

the damage caused by these disastrous variations of seasons, both to the public treasury and to the national economy, when we reflect that Egypt is a country without mines, industry or commerce, deriving its revenue exclusively from agriculture. It is enough to say that the small rise of the river in 1877, less than in any year since the beginning of the nineteenth century, caused the Treasury a loss of 1,100,000,000 Egyptian pounds; that of 1888 left 110,000 hectares of Upper Egypt under water. The rise of 1899, also considered as one of the most ruinous of the century, left 110,000 hectares dry and insufficiently submerged 37,000. Again, but for the immense canal works, the area of the land fertilised by the Nile mud would be too restricted. Consequently, the various Governments that have up to the present ruled in Egypt have concentrated all their efforts on leading the water from the river into regions previously destitute, beyond those tracts subject by their situation to periodical inundation by the Nile.

We shall not remind our readers of the various canal and drainage works accomplished in the course of centuries, under the various Governments. We shall only mention that in 1890, Sir W. Willcocks was instructed to study some ten proposals for a fundamental solution of the problem of Egyptian irrigation. He selected that which took advantage of the cataract of Assouan. After approval by an international commission, the plan was put into execution, and the works undertaken were terminated at the end of 1902: thus a basin was formed capable of holding over a milliard of cubic metres of water, with 180 openings to allow of the regulation of the flow of the water. At the same time with this considerable work, others were carried out in succession, at Esneh, Assiout and Zifta, and to-day new proposals are maturing for rendering the land of Egypt more and more fertile.

The salutary consequences of the realisation of this vast programme of public works were soon apparent. The cultivated area has indeed increased from 4,720,000 *feddans* (1) (about 2 million hectares) in 1874, to 5,600,000 *feddans* (2,352,000 hectares) in 1909. In 1909, His Excellency Ismail Pacha calculated that the works carried out up to 1899 had already reduced the area of the land not capable of irrigation from 250,000 to 80,000 *feddans*. The area of the plantations of cotton, the most important produce of the country, continually increased from 1895 to 1908, when the increase was arrested, either on account of disease ruining the crops, or the economic crisis from which the cotton market was suffering. We

(1) The *feddān* is about 4,200.83 square metres.

give below figures showing the area of the cotton plantations from 1895 to 1909 :

| | | |
|------------------------|----|--------|
| 977,735 <i>feddans</i> | in | 1895 |
| 1,050,747 | „ | „ 1896 |
| 1,506,290 | „ | „ 1906 |
| 1,603,234 | „ | „ 1907 |
| 1,640,415 | „ | „ 1908 |
| 1,465,187 | „ | „ 1909 |

Together with these data and as a further indication of the economic progress of Egypt, let us here mention the increase in the population, of whom more than 70 % devote themselves to agriculture. From 9 millions in 1895, the number of inhabitants rose to 12 millions in 1907. The density of the population of the agricultural regions in 1897 was 287 per square kilometre. It rose to 322 in 1901, and has not ceased to increase in the course of later years. What we have said shows how a combination of political, legal and administrative conditions has been formed offering on the one hand a suitable investment and on the other indisputable security for foreign capital in mortgage loans in behalf of rural property. These operations, consequently, increased in an extraordinary manner ; because, let us say, the economic conditions of the market afforded foreign capital the advantage of a fairly remunerative return. With this capital, which has flowed in abundantly from Europe and especially from France, the landowners have been able to carry out labours for the improvement of their land, that had become necessary in order that they might profit by the great hydraulic works carried out by the Government. Thus they have proceeded to transform the mode of cultivation which has been made more and more intensive and to which the new scientific methods have been gradually more and more extensively applied.

The general prosperity of the country, the wealth of which it may be affirmed consists entirely in agriculture, has considerably increased, as is shown by the amount of exports which was

| | |
|-----------|--------------------------------------|
| in 1895 | 12,816,597 Egyptian pounds, and rose |
| » 1900 to | 17,124,114 „ „ |
| » 1905 „ | 20,360,285 „ „ |
| » 1909 „ | 26,076,239 „ „ |

§ 2. *The Land Credit Banks.*

Thus various institutions have been founded, especially with capital from different European countries, but principally from France, and together with certain insurance societies and some private capitalists, conduct land credit operations.

These Banks are :

- | | |
|---|-----------------|
| (1) The <i>Crédit Foncier Egyptien</i> | founded in 1880 |
| (2) The <i>Land and Mortgage Company of Egypt</i> | „ „ 1881 |
| (3) The <i>Caisse Hypothécaire d'Egypte</i> | „ „ 1903 |
| (4) The <i>Land Bank of Egypt</i> | „ „ 1905 |

The importance assumed by these establishments necessitates our saying a few words upon them in detail.

(A) *The Crédit Foncier Egyptien* (The Egyptian Land Credit Institute).

The *Crédit Foncier Egyptien*, the foundation of which preceded that of the other existing establishments, holds the first place among them. We shall speak of it rather at length, because its organization may be considered as typical of the land credit establishments of Egypt. Its capital, at first 80 million francs, was increased to 100 millions in 1904, and then to 200 millions in 1905. Only half this amount is fully paid up.

The bank issued bonds amounting at the end of 1911, to 570 million francs. This bank, like the others, almost always issues its bonds below par, so as to give the holder of the securities at date of repayment a premium of 3, 3½, 4 and even 5 %. The last issue of 50,000 bonds at 4 % by the *Crédit Foncier Egyptien* in last November, met with a very favourable reception.

The *Crédit Foncier Egyptien* was the only establishment to issue bonds with premiums; in fact the series of 1886 and a portion of the bonds issued in 1903 were drawn for monthly with fairly high premiums: these bonds were well received on the market, so that their present quotation is appreciably above their nominal value.

The rate of interest on these bonds varies from 3 % (issue of 1886 with premiums) to 4 % (issue of 1903 and 1911 without premiums).

This financial society had to contend at first with many difficulties, and, in consequence of the crisis of 1882 and 1883, the number of expropriated estates which came into its possession increased and their value

rose to about 15 millions. The costs of the administration of these estates entailed a successive decrease in the dividends from 10.60 francs per share in 1881 to 5 francs in 1889. But after 1900 the figures for these estates no longer appear in the balance sheets of the *Crédit Foncier Egyptien* and from that date the accounts close with more and more satisfactory surpluses, as is seen in the following figures :

| Working Year | Dividend |
|----------------|----------|
| 1901 | 9.50 % |
| 1904 | 12.50 » |
| 1905 | 15.00 » |
| 1906 | 17.00 » |
| 1907 | 24.00 » |
| 1908 | 25.00 » |
| 1909 | 25.00 » |
| 1910 | 26.00 » |
| 1911 | 26.00 » |

The amount of the loans on mortgage granted by the *Crédit Foncier Egyptien* has continually increased. From 28 million francs in 1881 it increased to 683 millions at the end of 1911. In 1905-1906 the amount increased by about 250 millions as a result of an important operation : the purchase of mortgages from the society of *Daïra-Sanieh*. Finally, since the date of its creation, the *Crédit Foncier Egyptien* has granted 13,612 loans for an amount of 1,259,455,411 francs, which gives each loan the very high value of 93,000 francs. With regard to the *Daïra-Sanieh* Society, let us say that it was founded in 1898 to buy the *Daïra-Sanieh* estate, from which it derived its name, from the Egyptian Government, proposing to resell the same in small lots. But a clause of the contract prevented the society from realising more than £300,000 sterling per year. In order to evade this clause, the Society sold their lands at maturity, that is to say, it made the purchasers pay the price in instalments. In 1902 almost the whole estate of *Daïra-Sanieh* had been sold at good prices, but until the last instalment had been repaid the society could not distribute the profits among the members. In order to obtain its money, the Society concluded an arrangement with the *Crédit Foncier Egyptien*, which substituted the *Egyptian Society of Daïra-Sanieh* for the collection of all the amounts due by the purchasers of the land, paying the society 186,000,030 francs, 138,152,525 francs being paid in cash and obtained

by the issue of 3 % bonds in 1905 and 47,947,505 francs by issue of 200,000 new shares of the *Crédit Foncier* itself. Exclusive of the profit derived from this financial operation, the *Crédit Foncier Egyptien* found itself obliged to make the arrangement, in order to hinder the *Daira-Sanieh Society*, which was in a position to provide a capital of 8 million pounds sterling in mortgages, from promoting the foundation of a new mortgage bank, capable of serious competition against the *Crédit Foncier Egyptien* itself.

On the 31st. January, 1910, the reserve funds of this establishment amounted to 50,020,338 francs, invested partly in Government Debt Securities and partly in new mortgage investments.

The principal operations the *Crédit Foncier Egyptien* performs are :

(a) lending on mortgage to owners of Egyptian real estate amounts repayable at long date in instalments. For this purpose, the bank estimates the value of the property at 50 % below real value and only grants credit on 60 % of this valuation, at the most, so that the security of the loans made by this institution is of the first order. Besides, article 45 of these rules, in order to ensure complete regularity in the payment of interest and sinking fund, lays down that the annual payments may not exceed the net revenue of the property.

Most of the loans granted by the *Crédit Foncier Egyptien* as well as by the other credit establishments are for agricultural purposes, in view of the importance assumed by agriculture in Egypt where nearly nine tenths of the population live in the country and where the revival of agricultural activity after the large Government works undertaken for the irrigation and drainage of the soil has been very great.

We shall here place before the reader certain figures showing the importance of the rural, urban and mixed loans, respectively, granted by the *Crédit Foncier Egyptien* :

I.

| Loans Granted in 1909. | | Amount: |
|------------------------|-----|-----------------|
| Number | | Pounds sterling |
| Rural Loans | 626 | £2,793,608 |
| Urban ,, | 68 | 466,635 |
| Mixed ,, | 2 | 18,011 |
| <hr/> | | <hr/> |
| Total | 696 | £3,278,354 |

II.

| Total Loans Granted from 1880 to the end of 1909: Number | | Amount Pounds sterling |
|--|--------|---------------------------|
| Rural Loans | 10,058 | £38,804,492 |
| Urban „ | 3,393 | 8,191,257 |
| Mixed „ | 161 | 1,240,568 |
| Total | | £48,236,317 |

The period for extinction of the debt varies between 10 and 50 years. The largest group of loans is that in which repayment is fixed at 30 years, as is seen from the following figures :

| Term of Loans — Years | Loans Granted in 1909 | | Loans Granted between 1880 and 1909 | | | Total Amount in Egyptian pounds |
|-----------------------------|--------------------------|------------------------------------|--|------------------------------------|-----------------------|---|
| | Number of Loans | Amount in Egyptian Pounds | Number of Loans | Amount in Egyptian pounds | Number of Loans | |
| 10 | 48 | 225,895 | 1,475 | 4,870,172 | 1,523 | 5,116,067 |
| 20 | 148 | 588,893 | 1,991 | 6,504,616 | 2,139 | 7,093,509 |
| 30 | 156 | 737,913 | 1,741 | 7,027,128 | 1,897 | 7,765,041 |
| 40 | 57 | 302,950 | 342 | 1,397,726 | 397 | 1,700,676 |
| 50 | 48 | 382,726 | 591 | 5,421,145 | 639 | 5,803,871 |

(b) lending on mortgage, to owners of real estate, sums repayable at short maturity in instalments or not.

These operations have not assumed any great importance, since loans at short date seldom answer the requirements of landowners. The amount of these loans was in 1909 5,424,936 francs, whilst that of the loans at long maturity was 635,179,334 francs.

(c) purchasing mortgages.

(d) the rules also authorize loans to associations dependent upon the Government, to voluntary associations and to public institutions. These loans have also been exceptional, as there are not many associations in Egypt. The instalments outstanding on the 31st. October, 1911 amounted

to 1,589,585 Egyptian pounds against 1,534,001 on the 31st. October, 1910, although the payments, rendered difficult by the late cotton harvest, indeed, amounted to 2,502,541 Egyptian pounds with an increase of 342,459 pounds on the preceding year.

What we have said of the action of the *Crédit Foncier Egyptien* permits of our observing that the importance acquired by this establishment with respect to the economic development of large property and the improvement of agriculture is considerable. We conclude by remarking that this bank may be classed with the most important foreign land credit institutes.

(B) *The Land and Mortgage Company.*

We think it superfluous after our detailed examination of the organisation of the *Crédit Foncier Egyptien*, to speak at length of the other Egyptian Land Credit Institutions, which differ little from it. The Land and Mortgage Company was founded in 1881, almost at the same date as the *Crédit Foncier Egyptien*, by a group of English capitalists, with a capital of 1,250,000 pounds sterling, 250,000 pounds of which were represented by 5 pound shares (*actions*), not fully paid up, and 1 million by £10 securities fully paid up.

The amount of the bonds in circulation is 395,200 pounds sterling, distributed as follows:

| | |
|---------------------|----------|
| 5 % bonds | £ 85,600 |
| 4.3 % „ | 153,100 |
| 4 % „ | 156,500 |
| Total . . . | £395,200 |

According to the accounts closed on the 31st. March, 1911, the reserve fund of this institution amounted to £75,180 sterling. At the same date the loans on mortgage amounted to £476,439 and the profits appeared as £14,749. The object of the *Land and Mortgage Company of Egypt* is to grant loans on agricultural land and it grants credit up to half the value of the land mortgaged. This Bank has distributed money especially among the landowners of Lower Egypt, where the land is best suited to cotton cultivation and where the price of the land is most stable and easiest to calculate.

C) *The Caisse Hypothécaire d'Egypte.* (The Mortgage Bank of Egypt).

This Bank was founded in 1903 with an initial capital of 5,000,000 francs, subscribed by Belgian, French and Egyptian capitalists. In Decem-

ber 1905 the capital was raised to 10 million francs in 20,000 500 francs shares. 1,500 dividend shares were issued, the number of which cannot be increased. On the 31st. December, 1910 there were in circulation 95,751 bonds of a nominal value of 47,875,500 francs, repayable in part in 1932 and the rest in 1983. The bank may not issue new bonds without increasing its share capital, which, with that supplied by the mortgages, serves as their guarantee. The essential object of this mortgage bank is to arrange loans on mortgage for its own account or for third parties, in Egypt and eventually abroad.

As we see this financial establishment possesses the very characteristic power of serving as intermediary for loans on mortgage, while remaining without any responsibility and risk, as well as of conducting credit business even outside of Egypt.

Article 4 of the rules of the *Caisse Hypothécaire d'Égypte* adds that, if there remain available funds, the society is authorized to grant loans on deposit of personal property or any other pledge, as well as to occupy itself with any other business of similar scope.

The average amount of loans granted up to the end of 1906 amounted to 43,900 francs extinguishable in 19 years; three fourths of these were on rural property and one fourth on town and mixed property.

The amount of the loan may not exceed 60 % of the value of the property. The valuation of property is made very exactly, so that, in one of these recent years, in the case of four loans to be repaid on sale of the property, the total estimate made by the *Caisse Hypothécaire d'Égypte* was £18,508 and the sale brought in £27,487. The manner of collecting the loans also gives satisfaction.

In the course of the year ending 30th. December, 1910, 56 new loans on mortgage were granted, for the amount of 3,603,888.33 francs. At that date the total loans on mortgage were 41,047,330.63 but, taking account of the repayment of 4,062,429.79 francs, the loans outstanding were 36,984,900.84 francs. The total amount of the loans on mortgage arranged on behalf of third parties was at the same date 7,003,404.93 francs.

In a word the financial results given by the *Caisse Hypothécaire d'Égypte* have always been very satisfactory.

(D) *The Land Bank of Egypt.*

This financial institution dates from the year 1905 and owes its foundation to English and French capitalists. Its capital amounts to 1 million pounds sterling. The bonds issued by it represent a total of 84,348,500 francs and its reserve fund amounts to 299,635 pounds.

This Society conducts agricultural and land credit business ; its objects are in fact (a) to lend on mortgage on Egyptian real estate, with repayment at long or short date, in instalments or not ; (b) to buy mortgages, and open credits on mortgage in current account ; (c) to grant loans to farmers, and peasant proprietors, without mortgage, for the requirements of their farms, but within the limits of the yield of their lands, as well as to discount their commercial bills within the same limits and on personal guarantee ; (d) to receive deposits at interest or not. In terms of its rules the society may not issue bonds for amounts exceeding five times the capital paid up on the shares.

On the 31st. March, 1911, the loans extinguishable in instalments amounted to 93,737,647 francs, 14,134,099 francs of which represented loans granted during the previous working year. As 13,162,736 francs had been repaid during this period, there remained 80,574,910 francs invested in mortgage loans.

Let us add that the collection of interest and of loans has proceeded satisfactorily. When it was necessary to proceed to expropriation the sales sufficed to cover the losses.

**§ 3. *Agricultural Credit Facilities Provided for the " Fellaheen "*
and the *Agricultural Bank of Egypt.***

The land credit institutions provide essentially for the needs of large and medium sized estates.

It is only a few years ago, in 1902, that a Bank appeared, proposing, on the contrary, to deliver the numerous class of small farmers from the hands of the usurers who imposed upon them with impunity.

The work of this bank, the *Agricultural Bank of Egypt*, as we shall see, is of the widest social and economic range. Yet there still remains much to be done, in order to provide the *jellah*, the Egyptian peasant farmer, with suitable means for improving his methods of cultivation, permitting him to buy seeds, ploughs, and cattle and improving the conditions of his existence.

By its own unaided efforts, certainly, the *Agricultural Bank of Egypt* cannot provide for the needs of all the peasant farmers, the number of whom is extraordinarily large. To convince oneself of this, it will be enough to cast a glance at the following Statistical table, published by the Financial Department. We shall see that the proprietors of areas of less than 5 *jeddans* (about 2 hectares) represent 90 % of the total land-holders in Egypt.

Area of Agricultural Holdings in Egypt. Year 1910.

| Area of Holdings | Land held by Foreigners | | Land held by Natives | | Total Area | | Total Number of Proprietors | |
|--------------------------------------|-------------------------|-----------------------|----------------------|-----------------------|------------|------------|-----------------------------|------------|
| | Area | Number of Proprietors | Area | Number of Proprietors | Feddans | Percentage | Proprietors | Percentage |
| | <i>feddans</i> | | <i>feddans</i> | | | | | |
| Below 1 <i>feddani</i> | 1,069 | 1,850 | 363,221 | 780,789 | 364,290 | 6.67 | 782,639 | 56.22 |
| From 1 to 5 <i>feddans</i> | 5,619 | 2,074 | 999,703 | 462,368 | 1,005,322 | 18.40 | 464,442 | 33.37 |
| » 5 » 10 » | 5,619 | 751 | 524,612 | 75,388 | 530,231 | 9.70 | 76,139 | 5.47 |
| » 10 » 20 » | 9,544 | 654 | 497,506 | 36,053 | 507,050 | 9.28 | 36,707 | 2.64 |
| » 20 » 30 » | 7,963 | 322 | 266,476 | 10,911 | 247,439 | 5.02 | 11,233 | 0.81 |
| » 30 » 50 » | 14,499 | 366 | 309,384 | 8,024 | 323,883 | 5.93 | 8,390 | 0.60 |
| Above 50 » | 675,917 | 1,521 | 1,782,657 | 10,853 | 2,458,574 | 45.00 | 12,414 | 0.89 |
| Total | 720,236 | 7,578 | 4,743,559 | 1,384,386 | 5,463,789 | 100.00 | 1,391,964 | 100.00 |

What results then have been obtained up to the present by the *Agricultural Bank of Egypt*? And what efforts remain to be made?

All the action taken up to the present in behalf of small holdings has been taken by the *Agricultural Bank of Egypt*, with headquarters at Cairo, which may be described as a society limited by shares (*actions*) supported and controlled by the State. In fact, of its 248,000 ordinary shares, worth each £5 sterling, issued in 1902 to form the capital of the society, 80,000 were subscribed by the *National Bank of Egypt*, which is in close relations with the State. The President of the Board of Management is the Governor of the *National Bank of Egypt*; this consists of seven members, three of whom are chosen from among the managers of the same *National Bank of Egypt* (article 15 of the rules). In addition, the Government Commissioners appointed by the Minister of Finance to exercise supervision over the *National Bank of Egypt*, are also charged to see that the rules of the *Agricultural Bank* are strictly observed. They are authorized to examine the accounts at any moment, and to attend the meetings of the Board of Management; in this latter case they may speak but have no vote. If the rules of the Bank are broken, the Commissioners are bound to send notice in writing to the Board of Management, and if their notice is not taken into consideration, they must immediately report to the Minister of Finance (Article 26 of the rules). In addition to this direct and indirect control, the Government also offers the Bank a guarantee; it has, in fact, engaged to pay the society when its reserve fund is insufficient, by way of subvention, before the 15th. February of each year, the balance of the amount required to cover all its working expenses and the amount of loans and interest matured but still outstanding, as well as to provide a net profit of 3 % on the sums lent to the *fellaheen*.

Finally, the Egyptian Government has guaranteed the second series of bonds at 3½ % issued by the Bank and amounting to 4,220,000 francs

The capital of the *Agricultural Bank of Egypt* is made up of £3,740,000 sterling in shares and £6,570,000 sterling in bonds at 3½ %.

As we have said, the object of this establishment is to provide credit for peasant farmers for amounts below the limits fixed for loans by other mortgage credit institutions.

In particular, article 4 of the rules provides that the Bank may grant :

1. loans of less than 500 Egyptian pounds repayable in 20½ years at latest. These loans are guaranteed on first mortgage on land of at least twice the value of the amount lent.

2. loans of less than 20 Egyptian pounds repayable within the maximum period of 15 years.

The rate of interest must not exceed 9 %, and, in no case, the maximum rate established by the law. Yet, if it happens that at the end of any working year, the loans granted to the *fellaheen* amount to 7 millions

of Egyptian pounds, the maximum rate of interest must be reduced in the next working year to 8 % for all loans, old and new. The net profits of the Bank, actually collected, as article 40 of the rules expresses it, amounted on the 31st. January, 1911 to £537,110,157 sterling. At that date, the total outstanding amounts were £318,506. 2s. 6d. capital and £196,963. 4s. 10d. interest, or altogether £515,469. 7s. 4d., against £427,577. 6s. 7d. on the 31st. January, 1910. The outstanding amounts that properly belonged to the accounts for the year 1910-1911 were £338,262.4s. 5d. sterling, or 18.8 % of the total matured which was £1,795,503. 18s. 11d. In the previous working year the proportion had been 17.7 % ; in 1904 it was only 3 %. The increase in the outstanding amount is due, in the opinion of the Board of Management, to the fact that in Upper Egypt, the grain crop was not good and the small farmers have proved as a rule bad payers. In the same region the outstanding amounts were no less than 53 %. The Board of Management in its reports, has been urgent to throw light upon the defects of the procedure required for the recovery of debts. Through the slowness of this procedure the debtor is tempted to defer payment of a debt that perhaps he was quite in a position to pay. When expropriation has taken place, it is not seldom that the costs of so prolonged a procedure far exceed the amount of the debt.

Another inconvenience felt by the debtor as well as by the bank is that the small lots of mortgaged land are sold before the mixed tribunals of Cairo, Alexandria and Mansourah, sometimes 500 miles from where they are situated and where it would be easy to find purchasers disposed to pay a higher price than that for which they are actually sold. The value of the land purchased by the Bank after expropriation appeared in the accounts for 1910-1911 as £E35,442,692. m/m. Under such circumstances the Bank has had to be very prudent in the grant of loans and has been obliged to renounce many operations, to the conduct of which it would have been advantageous to proceed, both from the point of view of the Bank and of the farmer, if the procedure had been less costly. This to a large extent explains the decrease of the actual loans, which amounted on 31st. January, 1911, to 7,645,909 Egyptian pounds against 9,137,484 pounds on 31st. January, 1910.

Altogether during the last working year the establishment granted 23,363 loans distributed as follows :

Loans on Personal Security

| | | |
|--------------------|---------------------|--------|
| from 500 Mill. | to 1 Egyptian pound | 438 |
| „ 1 Egyptian pound | to 5 „ „ | 1,417 |
| „ 5 „ „ | to 20 „ „ | 8,758 |
| Total loans . . . | | 10,613 |

Loans on Mortgage

| | | | |
|------|-------|--------------------|-------|
| from | 10 to | 50 Egyptian Pounds | 7,151 |
| „ | 50 „ | 100 „ „ | 3,235 |
| „ | 101 „ | 150 „ „ | 1,233 |
| „ | 151 „ | 500 „ „ | 1,131 |

Total loans on mortgage . . . 12,750

The total number of loans amounted on 31st. January, 1911 to 235,499 of which 1,572 represented loans on personal security, for the total amount of £17,596. 5s. 7d. sterling or an average of £11. 3s. 10d. per loan. The other loans, 233,927 in number, had been granted on mortgage and amounted to £7,824,362.7s. 0d. sterling, with an average value of £33. 9s. sterling per loan.

The total amount of loans granted by the *Agricultural Bank of Egypt* and their low average amount enable us to understand how this establishment, through the medium of functionaries scattered in the provinces to perform there the office of notaries, has succeeded in providing an escape for a large number of small farmers and rural proprietors from the oppression of the usurers.

The total loans granted to the small farmers in a short space of time may be estimated at more than eight million Egyptian pounds. And yet much more money is still wanted to assist the small farmers in their farm expenses. For what then does all this enormous capital distributed by the *Agricultural Bank of Egypt* serve? — asks Prof. Arminjon, who has thoroughly studied the economic conditions of Egypt. — Too often it is used for purposes of no advantage to agriculture, for example, for some festival, or to relieve a young man from doing military service.

In addition to the cotton crisis and the costly and slow judicial procedure, the financial Council of the Bank recognises that the difficulty the debtors experience in fulfilling their engagements, depends, in too large a number of cases, upon the improvident use they make of the money lent. The practical conclusion from this observation would be only to grant loans on condition of their being invested in a remunerative manner. But it is evident that a bank cannot proceed to verify the use that 250,000 customers make of the capital they borrow. It is perhaps possible to find a solution in the constitution of co-operative credit societies, to act as intermediaries between the Bank and the farmers; their guarantee would preserve the bank from all risk of loss and on the other hand they would contribute to attain the end of not giving any loan which would not benefit the farmer.

In fact, M. Arminjon and many other competent persons, observe, such an office might be perfectly discharged by the board of management

of a co-operative credit society, the members of which, while bound by their joint and several liability, know one another and can control each other. Independently of the solvency of the applicant, on principle, any sum should be refused to him which is not intended to increase the productive-ness of his farm or his work, such as the digging of an irrigation canal, the warping or draining of the land, the purchase of ploughs, seeds, chemical manure or cattle, but is to serve for a needless expense. Mutual banks, adds the same author, would not only be useful as economically productive credit institutions, but they would serve also as *savings banks*. At present any saving a *jellah* makes is hoarded, until it is possible to use it, on account of the Mahommedan law forbidding Mussulmans loans on interest. This is why the postal savings banks only receive deposits from strangers or from natives who do not recognise the religion of Mahomet.

Naturally, this withdraws capital from the market and contributes to keep interest high and at last to place the small holders in the hands of unscrupulous usurers.

On the 14th. February, 1904, a law was promulgated assuring a profit on capital deposited by Mussulmans while respecting the rule laid down in the Coran. This profit was to consist, at the will of the depositor, in a share in a dividend in proportion to the amount paid up, and not to exceed the fortieth of the capital deposited, the excess remaining to the Postal Administration. The State guarantees complete repayment of the paid up capital and dividend.

The law did not attain the desired end. For all its ingenuity it was placed on the index by the faithful as a subterfuge by which to escape from the commandment of the religion of Allah, and hoarding did not diminish.

Prof. Arminjon then observes that if the co-operative credit societies offered the public in compensation of the money deposited, not a more or less disguised interest, but a share in the profits derived from the investment of the capital, it might be hoped thus to escape challenge, and that a large part of the capital to-day lying unproductive might be used for the advance of agriculture, while procuring the owners an appreciable return.

Professor Arminjon's observations, with many others, specially those showing the beneficent effects resulting from the co-operative organization of agricultural credit in other countries, as for example in India, (of which we spoke in our Bulletins for December, 1910 and March and December 1911), do not render the services of the *Agricultural Bank of Egypt* and the efforts made by the Government to place credit within the reach of small farmers less appreciable.

§ 4. *The Relation of the Debt on Mortgage to the Conditions of Agriculture.*

Dr. Masson estimates the Egyptian Mortgage Debt at about 1,214,891,323 fr. This amount includes the loans granted by the rural banks as well as those by the insurance societies and the loans borrowed from private persons. Here are, in fact, the figures on which Dr. Masson bases his estimate :

| | Frs. |
|--|-------------|
| Crédit Foncier Egyptien | 646,502,511 |
| Land Bank | 87,495,370 |
| Caisse Hypothécaire | 37,443,442 |
| Land and Mortgage Bank | 30,760,000 |
| Agricultural Bank | 209,690,000 |
| Loans granted by Private Persons | 143,000,000 |
| Loans granted by Insurance Societies | 60,000,000 |

Approximate Total 1,214,891,393

In the estimation of experts the value of real estate property in Egypt is from 10 (Masson) to 15 milliards of francs (Eid).

Consequently, it is impossible not to observe how low the percentage of the mortgage debt is in comparison with the value of the landed property, which; leads one to say that this debt is susceptible of future increase to the great benefit of agriculture, which is in need of new capital for the execution of works of improvement. It is well to add that this debt is easy for Egyptian Agriculture to support.

In fact, the legal rate of interest, formerly limited to 12 % was fixed by decree of 10th. August, 1892 at 9 %, and in absence of special agreements it is taken to be 7 %.

Now, loans on first mortgages are granted by several land credit institutions at rates varying from 5½ to 7 %, according to the amount, the term and various other circumstances. The *Agricultural Bank of Egypt*, which lends very small amounts for very short periods is, among all these establishments of like character, that which asks the highest interest, since, at first fixed at 9 %, it was then reduced to 8 % in 1906, owing to the increase of capital. The insurance companies that conduct land credit operations charge interest between 5½ and 6½ %. The

loans are easy for the farmers to bear, seeing that the yield of the land is generally from 6 to 9 % and that, in addition, the loans granted by the banks never exceed 60 % of the value of the farm.

It follows from these figures and the examination of the financial requirements of Egyptian agriculture that, in spite of the rich development of the above mentioned banks, in the future a constantly greater influx of capital may be expected from rich lands, seeking safe and remunerative investments.

Yet we must add, after having shown that the rates asked by the Egyptian land banks far exceed those in use in Europe, that a greater abundance of capital will be more advantageous for Egyptian agriculture, if it is possible to invest it through the medium of co-operative institutions or institutions of public utility, granting loans to farmers at a lower rate of interest.

2. — State Credit for the Distribution of Cotton Seeds to Small Farmers.

Sources

Official Publications :

- A. T. MC. KILLOP, Chief Inspecteur of Finances : Distribution of Cotton Seed on Credit to the smaller Cultivators published in the « *Agricultural Journal of Egypt* », edition of the Department of Agriculture., Cairo, 1911, pp. 21-28.
- G. C. DUDGEON, Director General, Department of Agriculture of Egypt : The Department of Agriculture and an Indication of some of the Agricultural Problems in Egypt « *Agricultural Journal of Egypt* », pp. 1-8.
- IBRAHIM Eff. FAHMY, Inspector, Department of Agriculture in Egypt : Cotton Cultivation in Upper Egypt : « *Agricultural Journal of Egypt* », pp. 29-39.
- MINISTÈRE DES FINANCES, DIRECTION DE LA STATISTIQUE : *Annuaire statistique de l'Egypte*, 1911 (DEPARTMENT OF FINANCE, STATISTICAL DIVISION : *Statistical Yearbook of Egypt*, 1911). Cairo, National Press, 1911.

Publication of the International Institute of Agriculture :

General Statistical Office : *Bulletin of Agricultural Statistics* (Jan. 1912, no. 1) Rome, Printed at the Institute's Printing Office, 1912.

Unofficial Publications :

- PIERRE ARMINJON, Professor at the Khedival School of Law : *La situation économique et financière de l'Egypte. (Economic and Financial Situation of Egypt*, Paris, Librairie de Droit, 1911.
- ANDRÉ MASSON : *Des rapports entre les opérations des banques et le crédit hypothécaire en Egypte. (Relations between Banking Operations and Credit on Mortgage in Egypt)*. Paris, Librairie Guyard, 1911.

§ 1. — *The Decrease in Cotton Production and its Causes.*

The principal agricultural produce of Egypt is cotton, the cultivation of which has varied as follows relatively to the total area of the country :

| | |
|----------------------------------|---------------------------|
| In 1895 cotton was cultivated on | 16.04 % of the total area |
| „ 1904 „ „ „ „ | 20.71 % „ „ „ „ |
| „ 1905 „ „ „ „ | 20.14 % „ „ „ „ |
| „ 1906 „ „ „ „ | 20.92 % „ „ „ „ |
| „ 1907 „ „ „ „ | 21.59 % „ „ „ „ |
| „ 1908 „ „ „ „ | 20.83 % „ „ „ „ |
| „ 1909 „ „ „ „ | 21.30 % „ „ „ „ |

But statistics of the amount of production give an imperfect idea of the economic importance of this product for Egypt. For this reason we quote from the Statistical Yearbook of Egypt the following figures showing the amount of exportation of native produce, amongst which cotton is of primary importance.

Amount of Egyptian Exports (in Egyptian Pounds).

| Produce | Average per periods of five years | | | | |
|-------------------------|-----------------------------------|------------|------------|------------|------------|
| | 1890-1894 | 1893-1899 | 1900-1904 | 1905-1909 | 1910 |
| Cotton | 8,561,245 | 9,682,571 | 14,227,651 | 19,700,326 | 24,241,712 |
| Other Produce | 4,194,476 | 3,385,802 | 3,681,543 | 3,999,302 | 4,323,621 |
| Cigarettes | 156,709 | 239,724 | 554,372 | 428,904 | 379,128 |
| Total | 12,912,430 | 13,308,097 | 18,463,566 | 24,128,532 | 28,944,461 |

The amount of cotton exported has thus continually increased both absolutely and relatively to other produce. In fact, from 65 % of the total in the period 1890-1894 it rose to 86 % in the course of the year 1910.

Whilst the cultivation of cotton has in recent years extended and the quantities produced and exported have increased, there has, however, been observed a continual decrease in the proportional yield per *faddan* since 1895-96.

Information courteously supplied by the Egyptian Government provides us with the following figures :

| Harvests (1) | Area of Cotton Plantation | Total Production | Yield per feddan | Amount exported |
|----------------|---------------------------------|--------------------------|---------------------|--------------------|
| | Feddans | Cantars (44 kg. 9281) | Cantars | Cantars |
| 1895 | 997,735 | 5,256,128 | 5.27 | 5,225,206 |
| 1896 | 1,050,749 | 5,879,479 | 5.60 | 5,761,982 |
| 1897 | 1,128,151 | 6,543,628 | 5.80 | 6,415,402 |
| 1898 | 1,121,262 | 5,588,816 | 4.98 | 5,626,671 |
| 1899 | 1,153,307 | 6,509,645 | 5.64 | 6,496,233 |
| 1900 | 1,230,319 | 5,435,488 | 4.42 | 5,401,009 |
| 1901 | 1,249,884 | 6,569,911 | 5.10 | 6,526,783 |
| 1902 | 1,275,677 | 5,838,790 | 4.58 | 5,860,751 |
| 1903 | 1,332,510 | 6,508,947 | 4.88 | 6,144,551 |
| 1904 | 1,436,709 | 6,313,370 | 4.39 | 6,376,127 |
| 1905 | 1,566,602 | 5,959,883 | 3.80 | 6,041,197 |
| 1906 | 1,506,291 | 6,959,383 | 4.61 | 6,977,918 |
| 1907 | 1,603,224 | 7,234,669 | 4.51 | 6,912,813 |
| 1908 | 1,640,415 | 6,751,143 | 4.12 | 6,814,286 |
| 1909 | 1,559,271 | 5,046,604 | 3.24 | 5,046,604 |
| 1910 | 1,642,610 | 7,579,355 | 4.61 | — |
| 1911 | 1,711,240 | 6,365,768 | 3.72 | — |

The preceding table shows the really alarming decrease in the proportional yield per *feddan*. This decrease is seen to be of considerable economic

(1) We advise our readers that the data given last year in the *Statistical Yearbook of Egypt* (1911) for the *cotton seasons* from 1895-1896 to 1908-1909 correspond to those shown by us for the harvests from 1895 to 1908 and that the figures given in the same yearbook for the « *agricultural years* » 1895-96 to 1909-10, correspond with ours for the years from 1896 to 1910.

The reason for this difference in the periods is that the « *cotton seasons* », or commercial seasons for cotton, begin at the date of harvesting the crop (October) and extend into the next year : and that the « *agricultural years* » refer to the period from seed time to harvest, with a special view to the grain production, from the autumn of one year to the summer of the next.

Since we are only concerned with the figures for the production of cotton, which is sown in March and gathered in October of the same year, we have only shown the figures for one solar year.

To take an example, the « *agricultural year* » 1900-01 corresponds with the harvest of 1901 and the « *cotton season* » 1901-1902.

importance when we consider that the loss of a *cantar* per *jeddān* is a loss of $1\frac{1}{2}$ million *cantars* for the country, and amounts, taking the average prices, to a loss of about 6 million Egyptian pounds. Now the yield per *jeddān* having fallen from 5.44 *cantars* in the course of the periods 1895-96 — 1899-1900 to 4.01 *cantars* during the period 1905-1906 — 1909-1910, we may say that Egyptian agriculture has lost about 7 million pounds per year, when we consider what the area at present cultivated might yield.

Observation of the figures in the above statistical table representing the total cotton production compels us to give up the idea that the decrease in yield per *jeddān* is due to the cultivation of land of inferior quality. In fact, the total yield has remained almost unchanged whilst the plantations have very appreciably multiplied.

It is therefore evident that the yield of the older plantations has decreased no less than that of the new, otherwise we must infer that the new ones have produced nothing.

What impresses us more in considering the figures of the statistical tables is that the *quality of the cotton produced has depreciated*, in colour, length, delicacy and strength, according to the statement of the manufacturers and as had to be admitted, on expert evidence, by the special commission, instructed by the Government, 20th. December, 1909, to study the decrease in the yield of cotton and to examine the measures to be taken to increase its production.

The principal causes of the loss must be sought, according to the conclusions of the said commission, in insufficient irrigation, the want of drainage works, the abundance of insects and parasites that destroy the plant, and impure seed.

The impurity of seeds, it must be said, is principally due to frauds committed with impunity by the trade, especially to the detriment of the small farmers.

The small landholders, who represent 90 % of the total farmers and possess about 28 % of the cotton plantations, not being able to pay in cash for the seeds they require, rather than address themselves directly to the ginneries, thoughtlessly place themselves in the hands of unconscientious money lenders in order to obtain from them on credit the necessary seed.

According to the above mentioned official reports, these money lenders have profited by the distress of their clients making them pay exaggerated prices, or supplying them, in the place of the best quality asked for, called "Affi", a mixture of "Affi" seeds and the seeds of a half wild species the peasants call "Hindi", characterised by minimum yield, slow maturity, and fragile fibre, which is, in addition, short and coarse. The loss due, to the sale of this hybrid quality of seed has increased from year to year,

so that both the farmers and dealers declare that if this deplorable state of things is to continue, in a few years it will be no longer possible to find a sample of "Affi".

§ 2. *Government Intervention for the Distribution of Seed on Credit.*

The Government, alarmed by the serious injury that this deterioration in the quality of the cotton was causing the national economy, has judged it its duty to intervene with the object of providing the small farmers with the best qualities of seed, delivered directly at their houses from the best known gineries. Last year, the Minister of Finance granted a special credit of 3,000 Egyptian pounds for a first trial.

For various reasons, chiefly because provision had not been made at once, it was decided to limit the experiment to the province of Sharkia, distributing no more than 2 *ardebs* (about 4 hectolitres) to each farmer, that is, a quantity sufficient for sowing 8 *jeddans* (hardly 3 hectares and a half).

After notice given, on the 20th. February, 1911, to the village chiefs of the resolution taken by the Government of distributing seeds on credit, a circular was sent to the *sarafs* (collectors of taxes), laying down the rules to be observed in the conduct of these operations.

The Agricultural department distributed the best qualities of seeds in common use among farmers ("Affi", "Jannovitch" and "Nubari").

Altogether 1,570 *ardebs* of seeds (1,200 of "affi") have been distributed among 1,578 farmers in 102 villages.

An agreement was concluded with the "Egyptian Markets Company Limited", which undertook to deliver to persons applying, sacks of seed of 1 *ardeb* each, delivery being made between the 28th. February and 26th. March. Only farmers owning 8 *jeddans* at most and paying a land tax of at least 500 millièmes per *jeddán*, could obtain an amount of seed not exceeding 3 *kelas* (about 50 litres) per *jeddán* at the rate of 108 piastres (1) per *ardeb*. The price was high in comparison with that of the market, since the Agricultural Department had been slow in providing itself and itself had to pay high. It will be possible to buy cheaper in the future. In any case, even at such prices, the farmers had a notable advantage, as they were accustomed to pay from 120 to 180 piastres for seeds of inferior quality.

On the consignment of the seeds the landholder signed a certificate acknowledging his debt and undertaking to pay in the month of November together with the land tax.

(1) The piastre is about 26 centimes.

As a guarantee of this payment, the Government provided that in case of alienation of the land, the transfer should have no legal force, unless the new proprietor bound himself in writing to pay the sum due to the Government for the seed received, in place of the seller.

As there is no voluntary organization of farmers in co-operative associations for purchase of pure seed, and in order to save them from frauds and abuses on the part of speculators, the Government, in the experiment we have communicated to our readers, has realised a work of great utility, for the improvement of the production of cotton, which constitutes the principal wealth of Egypt.

In the future, the method employed in the distribution of cotton seed will in all probability be improved ; for last year the great urgency did not permit of this service being organized as was desired.

It will probably be extended to other provinces and other varieties of seed will be obtained for the farmers. Besides, in order to facilitate distribution to the smaller farmers, it is intended to fix two sizes of sacks, one for 1 *ardeb*, the other for $\frac{1}{2}$ *ardeb*, so that farmers of land of the smallest area may also profit by this initiative of the Egyptian Government.

PART IV.

MISCELLANEOUS.

(FACTS AND PROBLEMS OF GENERAL AGRICULTURAL ECONOMIC INTEREST)

MISCELLANEOUS

AUSTRALIA.

I. — CURRENT QUESTIONS.

The Extension of Agriculture in South Australia : The Closer Settlement Act, 1910.

No subject has more constantly occupied the attention of the Legislature of South Australia than the settlement of the land. A long series of laws has been passed for encouraging the occupation of the Crown Lands and a great variety of different policies has been followed by successive Governments.

At first there was, not unnaturally, a demand for large tracts of land, and the legislation was framed to meet this demand. In 1878, when the land laws had become so intricate that it was necessary to pass a Consolidating Act, the population of South Australia was 236,000, the area sold or selected was 7,480,546 acres, of which only 1,828,000 acres was under cultivation.

Subsequently a policy was adopted of promoting closer settlement and in 1898 an Act was passed authorising the Government to repurchase freehold lands and to let them on perpetual lease. Later legislation allowed such repurchased lands to be sold, the purchase money being payable by 60 half-yearly instalments. The purchasers may obtain the fee simple of their land at any time after the first nine years by paying the balance of the purchase-money.

The State has also turned its attention to the reclamation of swamp lands. An Act was passed in 1905 with a view to facilitating such reclamation and to settling the reclaimed lands. These lands are let in small lots suitable for intensive cultivation. The tenure is a perpetual lease, but the full rent is not payable until the fourth year of the term. Advances

are made by the State to the lessees for the purpose of making permanent improvements.

In December 1910 a further Act was passed for the promotion of closer settlement, and of this Act we give the text herewith.

CLOSER SETTLEMENT ACT, 1910.

An Act to make further provision for the Acquisition by the Crown of Lands for Closer Settlement, and for other purposes.

(Assented to, December 7th., 1910.)

BE it enacted by the Governor of the State of South Australia, with the advice and consent of the Parliament thereof, as follows :

1. *Short title and Incorporation.*

Tis Act may be cited as "The Closer Settlement Act, 1910," and is incorporated and shall be read with "The Crown Lands Act, 1903" (hereinafter referred to as "the principal Act") and any Acts amending that Act, or with any Act substituted for that Act and any Acts amending such substituted Act.

2. *Partial incorporation of the Lands Clauses Consolidation Act (No. 6 of 1847)*

Sections 37, 69, 70, 73, 74, 95 to 109, both inclusive, and 111, 112, and 113, of the "The Lands Clauses Consolidation Act," so far as applicable and not inconsistent with the provisions of this Act, are incorporated with and shall form part of this Act, and, for the purposes of this Act, the following expressions when used in the said sections, or any of them, shall have the following meanings, namely : — "The promoters of the undertaking" shall mean the Commissioner of Crown Lands; "the Special Act" shall mean this Act; and "the Bank" shall mean any bank carrying on business in South Australia in which trustees are by law permitted to deposit their trust funds.

3. *Commencement of Act.*

This Act shall come into operation on a day to be fixed by Proclamation.

4. *Definitions.*

In this Act —

“Commissioner” means the Commissioner of Crown Lands :

“Large estate” means the whole or any part or parts of the land, not being situated in the Northern Territory nor within the boundaries of any city, town, or township, owned in fee simple by the same owner or owners in a case in which the unimproved value of the aggregate of all the land so owned by such owner or owners exceeds Twenty Thousand Pounds, and of which land the owner is not at the time of the preliminary notice under section 7 according to the certificate of the Surveyor-General, cultivating annually at least one-third of the arable land :

“Owner” means the owner of a freehold estate in possession :

“The Real Property Act” means “The Real Property Act, 1886,” and all Acts amending that Act, or any Act substituted for that Act and all Acts amending such substituted Act :

In administering this Act lands shall not be deemed not to adjoin other lands merely because separated therefrom by a public or other road or by a stream or watercourse.

5. *Act to apply notwithstanding Real Property Act.*

The provisions of this Act shall apply notwithstanding anything contained in the Real Property Act.

6. *Acquisition of land.*

(1) Large estates, and any lands adjacent to the River Murray suitable for reclamation, except any lands already reclaimed or in course of being reclaimed by the construction of embankments capable of resisting the influx of ordinary flood waters, so as to render such lands fit for grazing or cultivation, may be taken and acquired by the Commissioner for the purposes of extension of agriculture and closer settlement in manner prescribed by this Act.

(2) A certificate signed by the Surveyor-General stating that any land therein specified is adjacent to the River Murray and is suitable for reclamation shall be conclusive as to the matters so stated.

(3) No land shall be taken and acquired under this Act as being land adjacent to the River Murray suitable for reclamation except on the written recommendation of the Surveyor-General : Provided that this subsection

shall not apply to the taking and acquisition of any land as being a large estate or part thereof.

7. Preliminary notice of intention to inspect.

(1) When the Commissioner considers it advisable to acquire any large estate or other land under this Act he may direct an inspection thereof to be made ; and he shall, not less than four weeks prior to the date of the proposed inspection of the land, give a preliminary notice in writing to the owner thereof of his intention to inspect and of the date when an inspection of the land will be made.

(2) Such notice shall specify the acreage, description, and boundaries of such land so far as the same are known to the Commissioner.

(3) No such notice shall as regards any large estate be given until after the expiration of one year from the coming into operation of this Act.

8. Land may be entered upon for inspection. Vict., 1962, 1904, s. 17.

After notice under section 7 has been given as to any large estate or other land, the Commissioner or any person authorised by him may enter at any time or times upon such large estate or other land and inspect the same and the improvements thereon, and may remain thereon for any reasonable time to acquire all necessary information for the purpose of making an inspection of such land and improvements.

9. Notice of intention to acquire.

When the Commissioner intends to acquire any large estate, as to which a preliminary notice has been given under section 7, he shall send to the owner a further notice, stating that at the expiration of two years from the date of such last mentioned notice it is the Commissioner's intention to acquire the land, and what price he is prepared to give for it.

10. Registrar-General to note in Register Book.

After notice under section 9 as to any land has been given, the Commissioner may send a copy of such notice to the Registrar-General, at the Lands Titles Registration Office, and the Registrar-General shall thereupon note the same in the Register Book if the land is under the Real

Property Act, and if the land is not under the Real Property Act the Registrar-General shall register a Memorial of the said notice in the General Registry Office for Deeds.

11. Notice to bind all persons interested.

As regards land under the Real Property Act, when a notice under section 9 has been noted as provided by section 10, and as regards land not under that Act, when a Memorial of a notice given under section 9 has been registered as provided by section 10, such notice shall be deemed to have been duly given to all persons at the time of such noting or registration (as the case may be), or thereafter and within a period of two years as regards a large estate, or one year as regards other land, after the giving of the preliminary notice under section 7, having any right, estate, or interest in the land; and the Commissioner may, at any time within six months after the expiration of the said period of two years or one year, as the case may be, acquire the land under this Act, notwithstanding any disposition of such land or any part thereof, or of any right, estate, or interest in or over such land or any part thereof, or any other dealing with or in any way affecting such land or any part thereof, and notwithstanding the noting in the Register Book or registration in the General Registry Office for Deeds of any such disposition or dealing.

12. Notice to acquire land adjacent to River Murray.

When the Commissioner intends to acquire any land adjacent to the River Murray, as to which a preliminary notice has been given under section 7, he shall send to the owner a further notice stating that at the expiration of one year from the date of such last-mentioned notice it is the Commissioner's intention to acquire the land and what price he is prepared to pay for it.

*13. Owner may reserve land not exceeding Twenty Thousand Pounds in value.
(Vict., 1962, 1904, s. 23, altered.)*

(1) At any time before the expiration of the notice given under section 9 as to any large estate, the owner thereof, unless he has in the meantime agreed in writing with the Commissioner for the sale thereof, shall have the right, by notice in writing given to the Commissioner, to select and retain out of such large estate, for the purpose of his residence or business or both, land in one block where possible, and it land of the value of Twenty

Thousand Pounds cannot be retained in one block, then in two or more blocks, specified in such notice : Provided that in no case shall the value of the land selected and retained, exclusive of the value of the improvements thereon, exceed in the aggregate Twenty Thousand Pounds.

(2) When a notice in accordance with subsection (1) of this section has been given, the land properly comprised in such notice shall cease to be affected by the notice given under section 9.

(3) This section shall not apply to any land on or adjacent to the River Murray suitable for reclamation, whether such land is or is not a large estate or part thereof.

14. *Owner may require whole estate to be taken.*
(*Cf., Vict. 1962, 1904, s. 23 (3).*)

(1) At any time before the expiration of the notice given under section 9 or 12 as to any large estate or other land, the owner thereof, unless he has in the meantime agreed in writing with the Commissioner, for the sale thereof, may, by notice in writing given to the Commissioner, require him to take all lands specified in the last mentioned notice of which he is the owner, and which adjoin and are occupied together with the land comprised in the said notice under sections 9 or 12.

(2) After a notice in accordance with subsection (1) of this section has been given, the land comprised in the said notice under sections 9 or 12 shall not, without the consent in writing of the owner thereof, be acquired, under this Act unless the Land properly comprised in the said notice under subsection (1) of this section is also acquired, nor shall the last mentioned land be so acquired without such consent, unless the land comprised in the said notice under sections 9 or 12 is also so acquired.

(3) When a notice under subsection (1) of this section has been given as to any land the Commissioner shall, except for the purposes of section 13, be deemed to have duly given a notice under sections 9 or 12 of his intention to acquire such land. The Commissioner may send to the Registrar-General a notice in writing of his intention to acquire such land, and such notice shall be noted in the Register Book if the land is under the Real Property Act. Upon such noting, if the land is under the said Act, or upon the giving of the notice by the owner to the Commissioner, if the land is not under the said Act, the provisions of section 11 shall apply to such land.

15. *Mode of acquiring the land.* (*Cf., ibid., ss. 35 and 36.*)

(1) Subject to sections 13 and 14, at any time within six months after the expiration of the period of two years, as regards a large estate, or one

year as regards other land, from the giving of the preliminary notice under section 7, if the amount of the purchase-money to be paid therefor has been ascertained by arbitration as mentioned in section 18, and the amount thereof has been paid or tendered, and the owner of such large estate or other land, as the case may be, has refused or failed to sign a conveyance or transfer thereof to His Majesty the King, it shall be lawful for the Governor, by proclamation published in the *Government Gazette*, to declare that the provisions of this Act shall apply to the land comprised in such notice, and that the same is thereby compulsorily taken and acquired.

(2) On and after the date of the publication of such proclamation in the *Government Gazette* the land therein specified shall, without further or other authority than this Act, become and be absolutely vested in His Majesty the King.

16. *Register-General to make necessary entries.*

(1) When a proclamation has been made under section 15 as to any land the Commissioner shall furnish the Registrar-General with a copy of such proclamation.

(2) Upon the receipt of such copy, or, if the land is acquired by agreement, upon the transfer or conveyance thereof being lodged with him, the Registrar-General shall make any entry in the Register Book or other book at the Lands Titles or General Registry Office necessary or proper to evidence the vesting of the land in His Majesty.

(3) If any of such land is under the provisions of the Real Property Act the Registrar-General shall, upon receiving the said copy of such proclamation, or the lodging of the transfer with him, as the case may be, make an entry on the folium relating thereto in the Register Book as follows: — "Cancelled, the land (*or* part of the land) having been acquired by the Crown," and shall sign such entry. Thereafter the land referred to in this subsection shall, for the purposes of the Real Property Act and until again alienated from the Crown, be dealt with and regarded in all respects as if it had never been alienated from the Crown.

(4) Upon receiving the grant, certificate of title, or other muniment or muniments of title of the land referred to in the next preceding subsection the Registrar-General shall cancel the same by indorsing thereon the words — "Cancelled, the within land (*or* part of the within land) having been acquired by the Crown," and shall sign such indorsement.

17. *Price to be determined by arbitration failing agreement.*

Where any land is acquired under this Act the price to be paid for the same and the improvements thereon shall, failing agreement between the

Commissioner and the owner within one month after notice in writing given by one party to the other of the price which he is willing to pay or accept in settlement, be determined by the arbitration of three arbitrators, one of whom shall be a Judge of the Supreme Court, who shall act as president and umpire, and one appointed by the Commissioner, and one by the owner : Provided that if either party fails to appoint an arbitrator within one month after notice in writing by the other of the appointment of his arbitrator, the matter shall be determined by the Judge and the arbitrator already appointed.

18. *Price.*

(1) The price to be paid for any land and improvements acquired by proclamation under this Act, if such price is fixed by arbitration, shall not, where the owner acquired the land by purchase for a money consideration, be less than such money consideration.

(2) (*Cf.*, *Vict.* 1962, 1904, s. 32.) Subject to subsection (1) hereof, where money has, prior to the passing of this Act, been *bonâ fide* lent on the sole security by way of mortgage or other encumbrance of land acquired under this Act, no less sum shall, without the consent of the mortgage or encumbrancee, be paid as the price of such land than the amount of the money so lent and unpaid at the time of so acquiring the land, together with any interest thereon due and unpaid at the time of such acquisition.

19. *Award of arbitrators.* (*Vict.*, 1962, 1904, s. 33.)

(1) Either party to the arbitration shall have the right to appeal to the Supreme Court of the State, but only on a question of law, and the said Court may, on such appeal, make such order as it deems proper, and the arbitrators shall give effect to such order ; but otherwise the decision of the arbitrators shall be final and not subject to any appeal.

(2) Where an arbitrator has misconducted himself he may be removed by the Supreme Court or a Judge thereof.

(3) Where an award has been improperly procured the said Court or a Judge thereof may set such award aside.

(4) *Award may be made order of Supreme Court.* (*Ibid.*) The award may be made an order of the Supreme Court on the application of the Commissioner or the owner, and may thereafter be enforced accordingly.

(5) *Orders as to costs.* (*Ibid.*) The arbitrators or, on appeal, the Supreme Court may make such award and directions as to the costs of any parties concerned in such arbitration as he or they deem just.

20. *Service of notices.*

All notices required to be given under this Act to any owner shall be deemed to be duly given when posted to or left at his usual or last known place of abode or business.

21. *Land acquired to be deemed Crown lands.*

All land taken and acquired under this Act shall thereupon for all purposes be Crown lands, and may be dealt with as such under Part X. of the principal Act, or under any statutory provision in that behalf hereafter enacted and for the time being in force.

22. *Northern Territory and town lands not affected.*

This Act shall not apply to the Northern Territory nor to any land within the boundaries of any city, town, or township.

II. — BIBLIOGRAPHY

Official Publications :

Official Year Book of the Commonwealth of Australia, 1901-1910. Published by the Commonwealth Bureau of Census and Statistics. Melbourne, 1911. Mc Carron, Bird and Co.

1 vol. 4°. 27 + 1230 pp.

Official Year Book of New South Wales, 1909-10. Sydney, 1911. W. A. Gillick. 1 vol. 4.

VII + 634 pp. 1 map.

Statistical Register of Western Australia for the Year 1909 and previous Years. Compiled in the Government Statistician's Office from Official Returns. Part. V. Land Settlement, Agriculture and Live Stock. Perth, 1911. F. W. Simpson. 1 vol. fol. 121 pp. 3 maps.

Statistical View of eighty-two Years' Progress in Western Australia, 1829-1910. Compiled from Official Sources in the Government Statistician's Office. Perth, 1911. F. W. Simpson. 8°. 19 pp.

Handbook of Information for Settlers, Tourists and Others : South Australia. Adelaide. Government Printer. 1 vol. (ill.). 8° - 156 pp. 2 maps.

MISCELLANEOUS

FRANCE.

CURRENT QUESTIONS.

Proposed Amendment to the Law on Peasant Property and Cheap Dwelling Houses.

Sources:

Official and Parliamentary Documents: Bill on Small Holdings and Cheap Dwelling Houses (Law of 10th April, 1908). Chamber of Deputies, Session 1911, No. 1, 408.

Report of M. Bonnevey, Deputy, on the Bill Amending the Law of 10th April, 1908 on Small Holdings and Cheap Dwelling Houses. Chamber of Deputies, Session 1911, No. 1, 515.

Journal Officiel of 30th December, 1911. Chamber of Deputies, 2nd Sitting of 29th December, 1911.

In our number of December 31st., 1910 (pp. 320 et seqq.) we dealt at length with the law of April 10th., 1908, the difficulties in the application of which we pointed out at that date. These difficulties have not escaped the attention of the Government, which, with a view to obviate them, on the 30th. of last November, presented a bill of the greatest importance, in the Chamber of Deputies.

Let us first mention that the law of April 10th., 1908, on Peasant Property and Cheap Dwelling Houses is meant chiefly for workmen on small wages, especially agricultural labourers, who, unable to pay very large annual instalments, had seldom benefited by the previous law of April 12th., 1906.

If it is often impossible for them to buy a house, it is greatly to their interest to possess, before all things, at least a small field or garden to cultivate with the help of their family. Masters of a piece of land, en-

couraged by the success of their first effort, they will be induced to make a second, and later on to build a little house on their property.

The law of 1908 encourages such successive additions to the property, placing funds at low interest at the disposal of those concerned, through the medium of the land credit societies.

It rapidly aroused enterprise and revealed dispositions to self-sacrifice which permit of our predicting its success (1).

Already land credit societies, with rules authorized by the Minister of Labour and Social Thrift, have been founded at Arras, Dieppe, Belfort, Nancy, Paris, Lille, Pau, Douzies-Feignies, Bordeaux and Chaumont. The foundation of others at Lyons, Caen, Besançon, Amiens, Dunkerque, etc., is now under consideration.

But the first application of the law showed the necessity of immediate modifications on various points, and Parliament itself, when discussing the budget for 1911, noted some of these modifications relating to the following details

§ 1. *The Districts of the Credit Societies.*

At first, the law had mainly in view large *regional* societies for the encouragement of peasant property. It judged it desirable, all considered, "that there should be societies with thorough knowledge of the requirements of each region and that these should not be so many that their efforts would be wasted and control over them lost". However, as in some large centres a land credit society might be founded and it would have been too much to compel it to work through the medium of a regional society — which would have entailed additional effort and expense — the law, in article 5, already contemplated, as an exception, the possibility of assimilating *local* to regional societies.

On trial, the department itself has most often appeared a district of too large extent for the effectual normal action of a land credit society: in order that these societies may win the confidence of numerous members, in order that they may work in all security, their work must be among persons who know or can know each other, and their sphere of action must be comparatively limited; they will thus be in a position to exercise very thorough supervision over their customers and the securities offered to them, which is an essential condition for success. In fact, most of the societies have already limited their work to an *arrondissement* and it seems, indeed, that it is within these limits they will be more and more called on to develop.

(1) See the Bulletin of Economic and Social Intelligence, October 31st., 1911, p. 210.

Under these conditions, the Government has considered it inadvisable to maintain a requirement and a distinction which would no longer correspond to present reality, and it has thought it reasonable to remove from the law any indication of the sphere of action of the societies. Thus it will be left to the founders to determine the limits to be assigned to the operations, in accordance with the class of the society and local circumstances, subject to the approval of the Superior Council for Cheap Dwelling Houses and of the Minister of Labour.

§ 2. *Simplification of the Procedure.*

According to article 3, paragraph 3, of the law of 1908 and article 4 of Government Executive Regulations, before the conclusion of the loan the borrower must produce a Government certificate showing that the conditions required, either by article 1, in case of acquisition of a field or garden, or article 5, in case of a single house, of the law of April 12th., 1908, have been satisfied. Article 4 of the decree of August 24th., 1908 instructs the prefects to deliver these certificates. For this purpose, within a week from the application, the Prefecture communicates it to the competent Patronage Committee for Cheap Dwelling Houses and Social Thrift, together with a note made out by the Revenue Department, giving all necessary information. The Committee is allowed a term of two months to formulate its opinion. On the expiration of this term, the prefect may take further action, if the Committee neglects or refuses to give its opinion.

The necessity of the prefect consulting the patronage committee in practice entails delays of a character to discourage the well-intentioned and paralyse the application of the law. Besides, neither the intervention of the prefect, nor that of the patronage committee represents a real interest, since it is a mere case of :

- 1st. ascertaining the existence of an engagement by which the would be borrower undertakes to cultivate the land himself or have it cultivated by his family ;
- 2nd. seeing that the purchase price does not exceed the legal amount ;
- 3rd. ensuring that as far as concerns the house, the conditions of renting value are fulfilled.

To avoid the delays resulting from the present state of things, the Government thinks there could be no objection to suppressing the necessity for the opinion of the patronage committee, which, to-day, is in this connection, a mere formality, and at the same time relieving the prefect, whose duties are already so numerous and so complex, from having

to give Government certificates of this kind for the whole department; the controller of taxes, more in touch with the interests at stake and possessing immediate information on the subject of the certificates to be made out, could proceed to immediate delivery.

A similar desire to reduce the delays and formalities to the strictest minimum has led to the extension of the conditions under which the *certificate of salubrity* may be granted, that has to be produced before the conclusion of the loan, in case of the purchase or building of a house.

This certificate, in conformity with the general rules of the law of April 12th., 1906, is now generally delivered by the patronage committee, after examination of the plans. The committees are allowed a term of three months from the date of application, in which to decide: on the expiration of this period, if they have neglected to give their decision, the parties concerned may make petition to the Minister of Labour; the consideration of the petition, which necessitates a legal enquiry by the Superior Council for Cheap Dwelling Houses, in permanent committee, may occasion new delay.

While maintaining the possibility of immediately producing this certificate, which may be quickly delivered in some departments in which the patronage committees give proof of praiseworthy activity, request has been made that, for the purposes of the 1908 law, the borrowers may substitute for it a *provisional certificate*, to be delivered without delay, after examination of the plans, by a person delegated for the purpose by the patronage committee in each canton of its district.

In order to avoid the delay of individual appointments for each successive case, the committee shall apponit its delegates in advance each December for the following year. It shall choose them either from among its own members or among the architects and engineers in the service of the department or of the communes.

If, against all probability, the provisional certificate has been rashly granted and the patronage committee, on later information, considers that the definite certificate can not be granted, the party concerned, while benefiting under the law of 1908, will have no right to the fiscal immunities contemplated by the law of April 12th., 1906 and subject to the obtaining of the certificate contemplated by that law. It is, however, a hypothesis scarcely likely to present itself, considering the character of the persons appointed to grant the provisional certificate, since, on the one hand, they will be competent to appreciate the hygiene of the plans, and, on the other, they would certainly have it at heart to prevent the patronage committees being constrained to refuse the salubrity certificate later on.

§ 3. *The Capital of the Credit Societies.*

Article 4 of the text in force requires that the land credit societies be constituted with a minimum capital of 200,000 francs. This has, in practice, been an obstacle to the foundation of a certain number of societies and retarded that of several others. In conformity with the desire expressed on many sides, and especially at the Chamber of Deputies in its second session of January 31st., 1911, the Government proposal reduces the constituent capital of the societies from 200,000 to 100,000 francs.

In the same spirit and to give more elasticity to the constitution and management of the land credit societies, the paragraph of article 4 in terms of which more than half the shares (*actions*) cannot be paid up without special authorization would be suppressed.

§ 4. *The Conditions of the Loans.*

The development of the land credit societies has shown that the proportion of loans contemplated in article 4, last paragraph, would be soon insufficient for a rapid extension of their business operations, aimed at by the law of 1908. Already, in fact, one of these societies has almost reached the limit of loans it is allowed, as the law is at present, to obtain from the National Old Age Pension Fund.

Several methods have been considered for extending the powers of borrowing granted to the land credit societies. It seems that the best solution would be partly to utilise the already long experience of the system in force in Belgium, and that as basis for the loans could be taken :

1st. The half of the capital subscribed and still to be drawn on, which represents an unpaid claim against the share-holders ;

2nd. The amount of the revenue or State guaranteed securities belonging to the societies and deposited with the deposit and consignment bank ;

3rd. The credits on first mortgage ;

4th. The premium-reserve of the insurance policies for which the societies have advanced the premiums.

The credits on mortgage possessed by the societies would only be considered up to $\frac{6}{10}$ ths at most of the purchase price or cost price of the real estate. Yet this proportion would be raised to $\frac{7}{10}$ ths of the price of the mortgaged real estate if the commune or the department guaranteed payment of the annuities corresponding to the supplementary advance of the seventh tenth.

§ 5. *Liquidation of the Societies.*

The legal obligation to limit the annual dividends to 4 % might lead the land credit societies to form large reserve funds for themselves, as receiving the money at 2 % they can lend it at 3 or 3 ½ %, according to circumstances. In fixing a maximum for the annual dividends the law intends to get rid of any tendency to speculation in the working of the societies and, as a consequence, to urge them to reduce as far as possible the interest they ask from their borrowers. But this end would be imperfectly attained, if the shareholders, on the expiration of the society, or in case of premature dissolution, could share together too large an amount of net assets. It may even be feared that the existence of considerable reserve funds may lead, at some moment, amongst the self interested, to the premature dissolution of a thoroughly prosperous society.

On the other hand, it is essential also that the societies should be encouraged in due measure to provide for the increase of their reserve funds, which are the best guarantee for the administration, and at the same time a solid guarantee for the State lending to them.

In order to make sure of these two aims, which have to be equally taken into account, a middle and wise course, it seems, would be to limit the proportion of the ultimate net assets that the shareholders could divide amongst themselves, the surplus having to be assigned to one or more similar societies and thus remaining for the original object for which the State granted it.

After a distribution in equal portions up to half of the paid up capital of the society, the balance would be assigned by the general meeting for the liquidation to other land credit societies regulated by the 1908 law, subject to the approval of the Minister of Labour and Social Thrift, after consultation with the Superior Council for Cheap Dwelling Houses.

However, in order to avoid the inconveniences that may arise in the future from the co-existence of two classes of land credit societies, those already existing continuing to dispose freely of their reserve funds, those constituted later, on the contrary, unable to distribute more than a portion among their shareholders in case of dissolution, it seemed necessary, though without the introduction of any retroactive provision with regard to the existing societies, henceforth only to grant the favour of new loans to those societies that of their own act insert in their rules the new clauses required by the Government in the case of dissolution.

It seems besides that, considering their recent foundation, they would find no serious difficulty in obtaining the consent of their members to the necessary amendment of their rules in this respect ; it is enough, to re-

move all doubt, to consider the highly philanthropic sentiments that have inspired them and dictated the work, already so important and so successful, undertaken in response to the law of 1908.

Such are the ideas that have just been submitted to the Chamber by the Government.

In the second session of the 29th. December, 1911, the Chamber of Deputies at once adopted them, on the report of M. Bonnevey. MM. Tournan and Cloarac, however, proposed the following amendment, which was carried and became article 3 of the bill :

" Article 4 of the law of 19th. March, 1910 instituting long term individual agricultural credit is abrogated " .

The whole text of the bill runs as follows :

" Article 1. The beginning of the first paragraph of article 2, paragraph 3 of article 3, article 4, article 5 and the 11th. paragraph of article 8 of the law of 10th. April, 1908 on Peasant Property and Cheap Dwelling Houses are substituted by the following provisions.

" Art. 2. First Paragraph : Loans at 2 % interest may be granted by the State to Land Credit Societies, the object of which is ".....

" Art. 3. § 3. Be provided with a Government certificate from the Controller of Taxes, showing that the conditions laid down either in the first article of the present law, in case of the purchase of a field or garden, or in article 5 of the law of 12th, April, 1906, in the case of the purchase or construction of a private house, have been satisfied ; and in the second case the borrower, before conclusion of the loan, must produce the health certificate contemplated in article 5 of the above law, or else a provisional health certificate from the patronage committee. It shall appoint such delegates in every canton of its district, as far as possible in December every year for the next year, either from among its members or from among the architects or engineers in the service of the department or of the communes. The benefits of the provisions of the law of 12th. April, 1906, shall, in this case, be conditional on the obtaining of the health certificate specified in the aforesaid law.

" Art. 4 : In order to obtain loans from the State, the land credit societies must be formed as limited liability societies with a minimum capital of 100,000 francs.

The annual dividend to be given to the shareholders shall not exceed 4 % :

" Art. 5 : The amounts remaining due from a land credit society may not exceed the amount calculated as follows :

1st. Half the capital still to be called up ;

2nd. The amount of the revenue or State guaranteed securities belonging to the society and deposited in the Deposit and Consignment Bank ;

3rd. Credits on first mortgage up to 6 tenths of the purchase price or cost price of the real estate guaranteed by them ;

4th. The premium-reserve of life insurance policies for which the society has advanced the premiums.

Yet the credits on mortgage may be included in the estimation of the amount considered up to 7 tenths of the cost price of the real estate mortgaged, if the commune or the department guarantees the payment of the instalments corresponding to the advance of the additional tenth the society will thus have received from the State.

Before the complete repayment of the 2 % loans, the societies cannot validly cede mortgage credits without authorization from the commission for their assignment instituted at the Labour Department by article 8.

Article 8. 11th. paragraph. Two representatives of the land credit societies ”.

Article 2. At the expiration of a land credit society, or in case of premature dissolution, the general meeting, called to decide as to the liquidation, after payment of the liabilities and repayment of the paid up capital, may only assign that portion of the assets exceeding half the amount of paid up capital to one or more other societies coming within the terms of the present law, subject to the approval of the Minister of Labour, after consultation with the Superior Council for Cheap Dwelling houses.

The provisions of the preceding paragraph shall be only applicable to societies that obtain loans after the promulgation of this law.

Article 3. Article 4 of the law of 19th. March, 1910 instituting long term individual agricultural credit is abrogated.

MISCELLANEOUS

ITALY.

I. — CURRENT QUESTIONS.

Some Amendments to the Laws on Registration and Stamp Duties.

Sources :

Nuovo testo unico delle leggi sulle tasse di registro, approvato con Regio Decreto 20 maggio 1897, no. 217. (*New Uniform Text of the Laws on Registration Duties, approved by Royal Decree of 20th. May, 1897, no. 217*).

Nuovo testo unico delle leggi sulle tasse di bollo, approvato con Regio Decreto 4 luglio 1897, n. 414 (*New Uniform Text of the Laws on Stamp Duties, approved by Royal Decree of 4th. July, 1897. no. 414*).

Legge 23 aprile 1911, n. 509, che apporta le modificazioni di alcune disposizioni delle leggi relative alle tasse di registro e di bollo e per le concessioni governative (*Law of 23rd April, 1911, no. 509 amending some of the Provisions of the Laws on Registration and Stamp Duties, and the Laws on Government Concessions*).

Regolamento per l'esecuzione della legge predetta, approvato con Regio Decreto 11 giugno 1911, pubblicato nella *Gazzetta Ufficiale* del 21 giugno 1911, no. 145. (*Executive Regulations for the above Law, approved by Royal Decree of 11th. June, 1911, published in the Official Gazette of 21st. June, 1911. no. 145*).

Istruzioni emanate dal Ministero delle Finanze per l'applicazione della citata legge, pubblicata in data 30 giugno 1911. (*Instructions issued by the Financial Department for the Application of the above Law, published on 30th. June, 1911*).

The law of 23rd. April, 1911, amending that on Registration and Stamp Duties, came into force the 1st. July following. We think it advisable to give some information upon those of the amendments that may have an interest for agriculture.

1. *Commercial Correspondence*. — In the first place this law attacks the old and very complex problem of the fiscal treatment to be applied to letters interchanged between commercial persons in connection with contracts, and solves it in the most liberal manner and at the same time most in conformity with the interests of industry and commerce. It is provided, in fact, that letters, in which commercial persons exchange proposals and arrange business, or which contain orders, commissions or undertakings to pay, in so far as their object is a commercial act, are exempted from stamp and registration duties, in so far that there is no need :

- (a) to present them or produce them before a legal authority ;
- (b) to present them for registration ;
- (c) to have them incorporated in a public deed (1).

These exemptions are granted not only for correspondence between commercial persons, but also for that between these and other persons, always provided that it has commercial acts for its object.

There remain, on the contrary, subject to the ordinary provisions of the laws on stamp duties (Uniform text of 4th. July, 1897, No. 414) and registration duties (Uniform text of 20th. May, 1897, No. 217) :

(a) letters in which engagement is made to pay an amount without indication of the commercial cause ;

(b) letters containing ordinary receipts, openings of current accounts, release from obligations constituted or recognised by contract or that have been acknowledged before the court ;

(c) commercial contracts for which written proof is required by the commercial code, even when the proof of their existence appears from letters exchanged between the contracting parties rather than by written contract. Among the contracts in question let us mention : profit and loss sharing association, marine or other insurance, contracts for hire and freight, subscription of shares in a society, undertaking by promissory note, etc.

2. *Sales and Promises to Sell*. — It is further laid down in the law that private documents containing contracts of sale or even promises to sell, obligatory for both parties are subject to a stamp duty of 25 centimes the page, if the contract is for sale of merchandise, machinery, or other industrial produce intended to be resold in the same trade as is carried on by the seller (2) ; cattle and agricultural or pastoral produce, even if in

(1) See : Art. 2 of the law (uniform text) of 4th. July, 1897, no. 414, on stamp duties.

(2) The provision in the law speaks of resale. But since it refers expressly to sales of machinery and other industrial produce, and as there is no doubt that the "industrials" are also commercial, the favour granted here must certainly also apply to industrial produce sold by the manufacturer, which, consequently, is intended, if we keep rigorously to the literal expression, for sale in the trade he carries on and not for resale.

these three last cases, the correspondence passes between persons who are not commercial.

This applies to the stamp duty. As to registration it is only obligatory for such acts when it is necessary to make use of them as above shown. In this case, these acts will be registered with payment of a tax of 10 centimes per 100 francs. Besides, in contrast to the provisions of art. 8 of the uniform text of the laws on registration duty, when the total amount of the taxes paid shows a fraction of a franc, such fraction shall not be counted as a franc.

3. *Provisions in favour of Small Holdings and for Purchase and Sale of Real Estate.* — These constitute one of the most interesting points in this recent law. Satisfying a very keen and long standing desire of the peasant proprietors, they exempt from registration duty the transfer of rural property for the purpose of rounding off an estate. This has for technical reasons become almost always indispensable for the more intensive cultivation of the land in districts where property is much cut up and where the lots are scattered. But, for this purpose, the value of the portion to be transferred must not be more than 5,000 francs, and the object must be exclusively to round off the property. In proof of this, the cadastral plans, or a declaration of the president of the provincial agricultural *comizio*, or an attestation by the local administrative authorities (1), may be adduced. Further, right is reserved to the financial administration of ascertaining by inspection and expert opinion that the property has really been rounded off, and of charging its expenses against the contracting parties when it appears that the transfer had another object. In that case the provisions of the ordinary law apply. (2).

Finally, on contracts for purchase and sale of new or radically renovated real estate, passed within the first four years, a registration tax of 2.40 % is imposed.

4. *Contracts for Hire of Labour.* — Article 12 of the law exempts from registration and stamp duties contracts; even if collective, under whatever form they are drawn up, for hire of labour or of personal service, entered into between landowners or farm managers, and "industrials", and commercial persons and their workmen. This exemption ceases when these contracts must be made good before the court.

5. *Provisions for Commercial Societies.* — As a result of provision of this class, first of all the criterion, up to the present respected, according

(1) The documents, declarations and attestations, the object of which is to provide this proof, are exempt from stamp duty.

(2) At present the transfer of a piece of ground is none so simple a thing. According to the ordinary laws, in fact, the contracts for such operations are burdened with a tax never less than 5 %.

to which the conferring of property and value of any sort other than money paid as contribution to societies was considered absolutely as a transfer of the said property, on performance of certain conditions, and subject to the relative proportional duties, is now abandoned. This criterion has been substituted by the application of a special tax on the above contributions, fixed in every case at the rate of 15 centimes per 100 francs, for every kind of property except real estate, for which the tax is higher and amounts to 1.2 % of the value. It is further expressly declared that the same duties shall be applied to the act of union of societies as well as to the transformation of a co-operative society into a society of another type.

All other transformations of societies are subject to a duty of 1 franc per 10,000, applicable indiscriminately to the whole property of the society.

It is next laid down that, on the dissolution of limited liability societies or societies *en commandite* limited by shares (*actions*), the conferring of real estate on the shareholders in total or partial repayment of the shares, is subject to a registration duty of 3.60 fr. per 100 francs taxable value. In other classes of societies, the conferring of real estate, on account or as payment of shares is subject to the same tax, only when the real estate forms the contribution of a member, and is assigned to another person, even if it has been improved or transformed.

With regard to foreign societies it is laid down that their deeds of constitution will be subject to the registration duties prescribed for the deeds of constitution of Italian societies, but that these duties fall only on the capital they set apart for their operations in Italy, or that they actually invest there, when this is greater.

6. *Ordinary Receipts, Bills of Exchange, Mortgage Certificates, Examination of Commercial Books.* — Up to the present, according to article 20, No. 8. of the uniform text of the laws on stamp duties, of date of 4th. July, 1897, receipts for amounts exceeding 100 francs were subject to a tax of 10 centimes. This tax is now raised to 20 centimes for amounts exceeding 5,000 francs up to 10,000 francs and for receipts not showing the amount, and 30 centimes for amounts of 10,000 francs.

Advertisements to the public which were subject to a duty of 5 centimes, whatever their size, are now subject to a duty of 5 centimes when their dimensions do not exceed 50 square decimetres. In excess of these dimensions they are subject to a tax of 10 centimes.

The stamp duty on bills of exchange up to 200 francs is fixed at 10 centimes if they are not at more than six months' date and at 20 centimes if they mature later or if they are blank.

All mortgage certificates must be made out on paper bearing a special stamp of 2.40 frs.

For the first examination of the journal, of the stock book (art. 23 of the Commercial Code) and of the books kept by the managers of societies, a fixed tax of 2.40 frs. is payable. In the entry on the register of commercial societies, according to articles 90 and 91 of the commercial code (1), there will be imposed a fixed tax of 5 francs per society of collective title or in simple *commandite* and a tax of 10 francs per society in *commandite* limited by shares or limited liability societies.

These are the provisions of greatest interest for us. Execution of the law is provided for by Regulations approved by the Royal Decree of 11th. June, 1911 and also by the instructions of the Minister of Finance, of 30th. June.

(1) Articles 90 and 91 of the Commercial Code establish that an abstract of the deed of constitution of the societies of collective title or in simple *commandite*, and of the deed of constitution and the rules of societies in *commandite* limited by shares, and limited liability societies, must be deposited within fifteen days with the registrar of the court to be entered in the special register of the societies.

II. — RECENT NEWS.

Miscellaneous Information.

I. Present Conditions of the Sheep and Wool Industries in Italy and the Proposals for their Improvement.

Sources :

Acts of the Commission instructed to study the Production of and Trade in Wool in Italy.
vol. I. Institutions of the Commission, Report and Minutes. Department of Agriculture, Industry and Commerce, Rome, Civelli, 1911.

By virtue of the Royal Decree of 1st. August, 1907, a Commission was appointed at the Department of Agriculture, Industry and Commerce, "to study the present conditions of the production of and trade in natural wool in Italy and, if need be, to propose measures adapted to the conditions".

After the completion of the labours of the Commission, the President, the Hon. Marquis Raffaele Cappelli, presented a report to the Minister of Agriculture, Industry and Commerce upon the studies made. We reproduce from this report certain statistical data, information and proposals, in connection with the sheep and wool industries in Italy. First of all, the report reveals a quite new fact brought out in the last general livestock census returns (19th. March, 1908), that is to say, that, contrary to the general opinion, sheep, far from diminishing in number in Italy have increased by about 29 %. In fact, in 1908 there were 11,162,926 head against 8,596,108 shown in the last preceding census of 1881. Sheep-breeding predominates not only in Tuscany, but also in the South and in the islands, above all, in Sardinia. In absolute number of sheep the regions of the Mediterranean South and of Sardinia come first with 1.8 million head each. Then come Latium, with 1.2 million, and Tuscany with 1.1. Relatively to area and population, Latium shews the highest figures, 101.04 sheep per sq. km. and 93.9 per 100 inhabitants and next to it comes Sardinia with 77.84 head per sq. km., and 220.61 per 100 inhabit-

ants. In this respect these regions leave all the others far behind. The increasing number of sheep raised, remarks the Hon. Marquis CapPELLI in his report, bears eloquent testimony to the fact that in Italy sheep farming, in spite of the numerous difficulties impeding it, notorious difficulties which we shall not mention here, continues to be comparatively prosperous. Such conditions did not prevent the Commission from studying the most effectual means for its improvement. The principal enquiry regarded the improvement of the class of sheep capable of providing the wool required for the national industry. A member of the Commission, the Hon. Signor Bona, suggested crossing and selection when necessary. In the next meeting of 25th. June, the Commission approved a resolution in which desire was expressed for livestock improvement establishments in the districts where the need for them was felt and chiefly in Latium and Central Italy. This resolution also recommended the founding of a national sheep establishment in Latium where trial might be made of breeding stock of various kinds. This desire was realised in the law of 17th. July, 1910, N° 491, providing for the foundation of a livestock improvement establishment in Latium, assisted by the State, the Province and the Commune.

Another important subject of study was that of the organization of the natural wool trade. The sheep farmer members of the Commission were in fact unanimous in recognising the difficulties now hampering this trade and expressing the desire that attempt should be made to eliminate the intermediaries not indispensable, by bringing the farmers and "industrials" together for their mutual advantage.

The Commission, considering that in this case, State intervention could only be indirect, concluded by expressing the desire that the State should encourage the foundation and work of co-operative societies among the producers, for the foundation of general warehouses, with wool markets in connection with them.

It also specified the means by which the action of the State should manifest itself, that is to say, by credit placed at the disposal of the above co-operative societies, when they can show a capital of at least 200,000 frs., credit to the members under the form of advances on the certificates of deposit delivered for wool placed in the general warehouses; exemption from taxation to the societies for ten years, whether on their shares or on their bonds (1). A commencement has already been made for the realisation of this desire; in fact, in the bill presented by the former Minister of Agriculture, the Hon. Signor Raineri in the Chamber of Deputies,

(1) Model rules were drafted by the competent office of the Department of Agriculture, for a national co-operative society to be organised among the wool producers, as well as regulations for the market in course of installation.

containing measures for the development and the protection of the national livestock production (1), the third article lays down that the Department "should encourage and give pecuniary aid for the foundation and working of consortiums and co-operative societies among producers, for the purpose of founding general warehouses and for trading in wool in markets connected with them."

The President of the Commission, the Hon. Marquis Cappelli, in his report, further called the Minister's attention to the necessity of installing sheep farms which should leave nothing to be desired and of seeing that the sheep are fed on scientific principles, a condition essential for their life and yield. Next he dealt with two other important matters in connection with the wool trade, namely, the question of the customs tax on wool and manufactured woollen goods, and that of the railway transport of sheep and uncombed and unwashed wool. On the first point, the principle of the free admission of uncombed wool was reaffirmed, and with regard to manufactured wool the report concluded by asserting the necessity of especially protecting certain articles of national production. On the second subject the following were the conclusions come to in the report:

1. that some differences between certain railway lines must be got rid of;
2. that for railway purposes combed wool should be considered as uncombed;
3. that the principles in vigour with regard to the volume of wool should be modified.

On the subject of the wool industry properly so-called, the report of the Hon. Signor Bona gives the following statistics:

The national production of woollen tissues, which in 1866 was only 12.5 million kilogrammes of about 74 million francs value, rose in 1908 to 31.9 million kilogrammes, of about 250 million francs value. During this period the importation of foreign wools has increased almost threefold, from 3.5 million kilogrammes in 1866 to 8.6 in 1908.

Between 1876 and 1908 the number of spindles increased from 248,249 to 489,786; that of the machine looms from 2,571 to 10,567; that of the workmen engaged in the industry was 24,930 in 1876 and 38,000 in 1908.

In view of so satisfactory a state of things, the Commission only expressed one desire in behalf of this industry, in favour of professional education, that is to say that in imitation of the Brussels superior textile school, which turns out engineers, specialists in the weaving art, a National Polytechnic School should be instituted, with a special department

(1) See Bulletin of Economic and Social Intelligence, n°. 5 of 31st May, 1911, page 265.

for the preparation of these engineers, with the twofold object of preparing managers for the factories and masters for the professional textile schools.

* * *

2. — **An Official Enquiry into the High Cost of Provisions.** — The Minister of Agriculture, Industry and Commerce, the Hon. Francesco Nitti, desirous of collecting positive data in order to judge of the causes that have determined the rise in price of provisions, recently, by special order, instructed the General Management of Statistics and Labour to carry out an enquiry in connection with the subject.

The present period of economic life, writes the Minister in the circular containing his instructions, is characterised by a general rise in prices, not limited to certain goods nor to certain countries; (1) but unanimity of opinion is exhausted in this general statement and the most various hypotheses as to the bearing and causes of the phenomenon, as well as manifold measures and remedies have been suggested. The state of public opinion is not without danger, especially when due to the real discomfort felt by numerous classes of the population, whom the rapid industrial progress had habituated to an almost constant improvement in the condition of their existence and who do not intend to renounce the new needs to which they have become accustomed under favourable circumstances.

The fermentation of ancient prejudices and new requirements, continues the Minister, may lead to mistake and even grave error. It is then necessary to get a clear idea of the facts, so that their nature and their causes may not be misunderstood, and that the mass may become resigned to the inevitable, and struggle according to knowledge wherever there is hope of a remedy. For all that, we must have complete and accurate statistics of the changes in wholesale and retail prices and the variations of incomes, especially of wages which form the income of by far the most numerous class, in which the rise in price of the necessities of life is most painfully felt. It is not enough to affirm in principle the existence and the direction of the variations in price; it is not enough to know in a summary way the goods or the groups of goods specially subject to these variations;

(1) In Germany, in Austria, in France, in Great Britain, in Hungary, and in Switzerland, it is matter of public notoriety, how the increasing cost of the necessities of life is deplored. And everywhere constant research is being made, with a view to finding out the cause of this rise and attempting to find remedies for it. The Bulletin of Economic and Social Intelligence has already occupied itself with this problem in relation to certain of the above countries. On the subject of the high price of meat in Germany, see Bulletin No. 5, 31st May, 1911. p. 243, and for Italy, the same number, p. 265. With regard to the high price of provisions in France, see Bulletin of 31st October. 1911. p. 199.

but we want a true quantitative appreciation, accurate and reliable, since it is only upon this that the positive action of individuals and public administrations can with certainty be based. After having observed that the problem is an international one, and that, consequently, the collection and comparison of the data for the various countries may and must be carried out by international agreement, the Hon. Signor Nitti showed however, that the preparation of the data can only be a national work, and that it is the duty of every country to undertake it with the utmost care.

(Summarised from the letter of Instructions of the Minister of Agriculture, the Hon. F. Nitti, to the General Manager of Statistics and Labour).

*
* *

3. — **The Institution of an Advisory Commission for Agricultural Industries.** — Seeing the necessity of encouraging the development and improvement of the national agricultural industries, giving them a direction corresponding better with technical requirements in the scientific preparation and transformation of the produce of the soil; seeing also the advantage, in conformity with the resolutions passed in Parliament, and by agricultural congresses and associations, of ensuring a single direction for the service for the repression of frauds, with a view to the more effectual protection of agricultural produce, on the 30th. November, 1911, a Royal Decree instituted an advisory commission at the Agricultural Department to study and give advice on the methods for intensifying as far as possible the production of the above industries and preserving the trade in their products from fraud.

The commission, which is to meet in ordinary session at least once a year, is composed of sixteen members. Fourteen of these are appointed by Royal Decree and their term of office is for three years; the two other members are the General Managers of Agriculture and of Forestry.

The president of the Commission is the Minister, who may also intervene at the meetings of the persons specially competent in each subject, or representing the regions concerned.

The deliberations are passed by a majority of votes, and in cases of equal division, the President has the casting vote.

(Summarised from the Royal Decree of 30th. November, 1911, N° 1,327., instituting the above Commission, in the *Gazzetta Ufficiale del Regno d'Italia*, N° 298, of 23rd. December, 1911).

*
* *

4. — **Prize Competitions Published by the Agricultural Department.** — The General Management of Agriculture has recently advertised three large prize competitions. The first was authorized by Decree of

12th. September, 1911, and is open to the communes, societies, landowners, tenants on long lease and farmers of Umbria, who, on the cultivated hill sides not coming within the terms of the law on the Forestry Domain, (1) carry out hydraulic works for reducing the inclination of the slope. As prizes 5 silver medals are offered, each entitling the holder to the sum of 1,000 francs, and 11 bronze medals each giving right to 500 francs, as well as four other silver and eight other bronze medals, for competitors, whose works, though well deserving of consideration, do not, in the opinion of the judges, merit a reward in money.

The second competition, authorized by decree of 9th. November, 1911, is open to proprietors of rural estates in the provinces of Calabria, who have, in the period between 1st. July, 1910 and December 31st., 1911, built *métayers'* houses, answering certain conditions we shall not here particularise. The prize is a sum of money not to exceed the fourth of the real cost of the buildings, and in no case to exceed the amount of 1,500 frs. Preference will be given in distributing the prizes: (a) to houses provided with a stable and a dunghole or rooms adapted to the preparation and preservation of farm produce and the best utilisation of this produce in accessory industries; (b) houses built in depopulated localities that may contribute to progressive re peopling and to the economic restoration of uncultivated land; (c) houses built by small landowners in very humble circumstances.

The third competition was opened by decree of 22nd. November, 1911, among the landowners, tenants on long lease and tenant farmers of the Roman Campagna, who, independently or united in consortiums, after the above date, render their land wholly or partially irrigable by means of new works of derivation or supply of water, over an area of not less than two hectares, while scientifically disposing and cultivating the land. Prizes are offered of from 100 to 200 francs per hectare of land rendered irrigable according to the importance of the work accomplished, the difficulties encountered and the expenses sustained.

Finally, with the intention of encouraging the immigration of farmers into the provinces of the South, Sicily, Sardinia, Grosseto and Rome, in the year 1907, a Royal Decree of 14th. November, gave the Agricultural Department power to offer prizes in money up to the amount of 150 francs to *métayers'* families that had immigrated into these provinces, on condition of their having come from other provinces of the Kingdom than those whither it was intended to direct immigration.

(1) See Bulletin of Economic and Social Intelligence of 31st. July, 1911, N° 7. page 237.

In consequence of the results obtained, these encouragements have been renewed but limited to families that have immigrated within the last two years at most.

(Summarised from the Royal Decrees of June 25th. and September 12th., 1911 and the Ministerial Orders of November 9th. and 22nd).

*
* *

5. — **The Order of Knights of Agricultural, Industrial and Commercial Merit.** — The Royal Decree of October 15th., 1911 introduced some changes in the order of Knights of Agricultural, Industrial and Commercial Merit, founded in 1901. By the new provisions this order is intended as a reward to citizens who have acquired special merit :

(a) in agriculture, by settlement of uncultivated land, works of irrigation, or reclamation, or regulation of water courses, introduction of new kinds of cultivation, or notable improvements in the processes of production, reafforestation of mountain lands, or finally by the adoption of measures suited morally and economically to improve the conditions of the agricultural classes.

(b) in industry, by installation or transformation of factories, by industrial discoveries or inventions of notable practical importance, the application of noteworthy technical improvements, the more effectual utilisation of motor force or raw material. Finally, this decoration is also intended for persons who have contributed to the economic and social improvement of the working classes, even by steps for the promotion of institutions of thrift and co-operation.

(c) in commerce, by the opening of new markets for national produce, or by a noteworthy development of the exportation of produce in demand in foreign countries.

This reward may also be bestowed upon persons who have formed credit institutions adapted to encourage national economics or have given them a powerful impulse. The decoration for "Labour Merit" may also be bestowed on persons who, even as labourers, have, by their collaboration contributed efficiently to the said works, productions, undertakings and innovations.

(Summarised from the *Gazzetta Ufficiale del Regno d'Italia*. Rome, N° 269, 18th. November, 1911).

*
* *

6. — **The Provincial Commission of the Milan Humane Society for Livestock Improvement.** — The itinerant lecturership and agricultural office of the Milan Humane Society, wishing to contribute to the improvement of cattle, have

been engaged since April 5th., 1905 with the assistance of the agricultural Department in the formation of a Provincial Commission for Livestock Improvement. In one of its recent meetings the Commission established its new programme of action, as follows :

Direct importation of horned cattle for breeding ; formation of cattle service stations, their organization and the supervision to be exercised over them; organization of Alpine pasturage for breeding stock; methodical and well ordered organization of shows, prize competitions, lectures, publications, etc., for making known the most hygienic rules to be observed with regard to cattle, and the nourishment to be given to them ; the foundation of posts for veterinary surgeons in the consortiums ; the institution of *pedigrees*.

To guarantee the realisation of these manifold ends, the Commission will seek to contribute to the expense of purchase of the breeding stock : grant yearly subventions to the public service stations ; help in the formation of breeders' consortiums for Alpine pasturage ; compete with the provincial agricultural institutions in offering prizes at exhibitions and shows ; and, finally, arrange for series of lectures to the staff of the cattle stalls, breeders and others on the chief points of veterinary hygiene, medicine and livestock improvement.

(Summarised from the *Bollettino dell'Agricoltura*. Milan, N° 33, 1912).

*
* *

7. — **The Fifth Beemasters' Congress.** — This National Congress was held in Rome from the 15th. to the 17th. of September. Amongst other subjects discussed, that of *Beekeeping Legislation* is well worthy of mention. The members of the Congress unanimously agreed to the following articles :

Art. 1. Beekeeping is by its nature connected with land property and is exempt from income tax.

When the beemaster does not pay land tax or carries on his industry as a migratory business and possesses more than 50 hives, his beekeeping is considered as industrial. In that case the tax shall be based on a fixed amount for each hive over the 50.

Art. 2. In case the bees of an apiary placed in the neighbourhood of a public road or a private property are a constant nuisance, the competent authority may order the beekeeper, at his choice, either to remove the hives to a distance of 15 metres from the road or the private property, or to put up a screen to raise the flight of the bees to a height of three metres.

Art. 3. The present provincial bee stations shall be suppressed and in their place shall be instituted regional bee stations as required.

The manager of the bee station shall remain in charge for five years. It shall be his duty to advance and extend beekeeping by means of lectures and lessons, to inspect the hives, give advice to the beemasters, and refer them to the competent authorities.

The manager, in return for payment to be fixed by the provinces concerned, aided by the Government, must provide for the building to serve as bee station as well as for all the expenses its installation and working shall demand. The appointment of the manager shall rest with the president or presidents of the provincial "deputations" concerned, and he shall be selected from among three candidates proposed by the beemasters. The limits of the beekeeping regions shall be fixed by the provincial "deputation" or "deputations" on the advice of the local beemasters.

Art. 4. Regular beekeeping courses shall be organized in the higher agricultural schools.

Art. 5. At the Department of Agriculture, Industry and Commerce an inspection office shall be founded to provide for the sanitary beekeeping service, to make all scientific experiments, as well as studies upon the bees in a model apiary, to co-ordinate the work of the beekeeping observers, to collect and publish all scientific data and statistics upon beekeeping.

With relation to the subject: *Beekeeping Statistics*, a resolution was passed in favour of annual statistics of the hives and their produce. As to *Italian Beekeeping in its Regional Characteristics*, a report was presented in which the writer engaged to collect the most important data on the various local characteristics of beekeeping.

The Congress then gave the committee of organization instructions to present the resolutions passed to the Minister of Agriculture. Naples has been chosen for the seat of the sixth Congress to be held in 1914.

(Summarised from the *Economista d'Italia*, Rome, N° 247, 16th. September, 1911; the *Tribuna*, Rome, N° 260, September 18th., 1911).

*
* *

8. — **Resolutions Passed at the National Congress of the Milk Industry.** — The National Congress of the Milk Industry was held at Turin in the beginning of October, the Hon. Giovanni Raineri in the chair, the Hon. Francesco Nitti, Minister of Agriculture, adhering. The organization of this Congress is due to the National Union of Co-operative Dairies, with headquarters at Piacenza. Among the subjects discussed at the congress, that introduced by Dr. V. Bertozzi in favour of a special law for the milk trade has a special interest for us. In relation to it the meeting passed a resolution expressing the desire that the laws be applied with the greatest severity and calling for legal provisions, where experience has shown the insufficiency of those in force, in order efficaciously to regulate the milk

production and trade, "under its various aspects, hygienic, economic and social," conformably with the most modern principles of chemistry and hygiene.

Another subject of special importance in the present conditions of the milk industry, which urgently demanded the attention of the congress, was that dealt with by Dr. Azio Cerlini, Secretary of the National Union of Co-operative Dairies, namely: "The Milk Markets and the Civil Societies for Cheesemaking." In connection with this subject the following resolution was passed:

"The Congress considering that the extension of Producers' Associations for the collective sale of milk for industrial purposes is not always useful, whilst these associations damage the normal milk trade and, above all, indirectly injure the production itself, recognizes that before all things the co-operative form is to be advised for the treatment of milk and invites the Itinerant Agricultural Lecturerships and other institutions concerned with agricultural organization to direct their action towards this object, consequently leaving the trade in the raw material to be carried on normally by the milk producers and the "industrials" treating it, according to the market rates for dairy produce, under the supervision, if possible, of delegates of the classes concerned."

(Summarised from: *Il Caseificio Moderno*, Organ of the National Union of Co-operative Dairies. Piacenza, N° 21, November 1st., 1911 and N° 3, February 1st., 1912.

* * *

9. — **Resolutions on the High Price of Food passed at the 6th. Congress of Economic Societies at Turin.** — The problem of the High Price of Food, already dealt with in several agricultural congresses, recently formed the subject of an important discussion at the Congress of the economic societies held at Turin from October 21st. to 24th. The opinion of the various members who presented reports found expression in the following resolutions which were unanimously carried:

(1) Economy in the transport of food stuffs should be stimulated and receive more encouragement and the discussion of the bills laid before Parliament on measures relating to livestock improvement (1), as well as to irrigation, subjects closely connected with the increase of the national agricultural production, should be hastened;

(2) The organization of the latter must be accomplished by the diffusion of theoretical and practical instruction among the Italian farmers and by the extension of associations inspired by co-operative and mutual

(1) See on this subject, the article in the Bulletin of Economic and Social Intelligence of 31st May, 1911 p. 265.

principles, in all the centres of the Kingdom where they are still wanting, on the initiative of the Federation of Agricultural Consortiums, purchase associations, *Comizii*, and the Federation of Mutual Cattle Societies, with the moral support of the itinerant lecturerships. It is, then, for these to prepare the technical and economic environment, by the most efficacious and extensive diffusion of the scientific principles on which modern agriculture and its industrial transformations rest, a diffusion which must be accomplished with the assistance of the public authorities, and financial assistance from the State and the savings banks, which must advance capital on the most favourable terms ; in order that the spirit of solidarity and co-operation, associated with the most extensive popular culture, may grow and spread among the farmers, so that the maximum limit of productiveness of the national soil and the maximum welfare of its cultivators may be attained ;

(3) It is advisable to found an association on a wide basis under the title of Italian Alimentation League, for starting and popularising initiatives of every kind, to improve and cheapen the diet of the Italian people.

(Summarised from the *Economia Rurale*, Turin, N° 21, November 10th. 1911).

* * *

10. — **A National Meeting for the Suppression of Labour Agents.** — On the 12th. of November a national meeting was held at Genoa on the initiative of the General Labour Confederation for the purpose of invoking the suppression of private labour agents and of studying the problem of labour recruiting.

Many associations were represented. The conclusions adopted at this important meeting were embodied in the two resolutions we reproduce here almost in full :

(a) *On Labour Recruiting, in connection with the Syndicate Movement.*

(1) To recommend first of all to the organizations the system of class recruiting as an excellent means of arming the proletariat, as the result of the conquest of the labourers ; eventually to allow the institution of mixed bureaux, by means of an understanding between the workmen's and masters' syndicates, when the following conditions are accepted ; recruiting according to the local labour rates ; preference to be reserved for organized labour ; suspension of work during strikes ; work only when the supply of local labourers is insufficient to satisfy the demand ;

(2) To exert pressure on the Government to convert into law the bill for the institution of interregional labour bureaux for agricultural and public works ;

(3) To obtain that the law forbid, without compensation, any form of paid recruiting, founding in its place, free public, State or Municipal, labour offices in all communes where the necessity is felt and for every class of workmen and employees. It must be considered that such need is not felt when there is in the locality or economic region in question a class or mixed bureau, recognised by a labour treaty.

(4) To ask that the Labour Department as soon as possible undertake an enquiry into the condition of recruiting in Italy. To invite the local organizations to collect the material for the service of the Confederation in its propaganda for the suppression of intermediaries.

(b) *On Recruiting in connection with Unemployment.*

(1) To recommend to the organization the development of thrift institutions to meet involuntary unemployment, and to Parliament the approval of legislative provisions for subventions from the public powers to be granted to the thrift institutions in use among the proletariat syndicates; these institutions to be connected with those for recruiting labour by means of regulations as to the limits and the duration of subsidies granted to unemployed workmen.

(2) To urge the State more and more to develop the information services as far as concerns the foreign labour markets, by means of bodies keeping in constant touch with the national and foreign syndicate organizations: while continuing to abstain from any direct recruiting and insisting that the labour bureaux for emigrants of both sexes — subventioned by the State, or in any way sanctioned by it — shall base their operations from the commencement of the suspension of labour on account of a strike, on the consideration of tariffs, and of the liberty of person, conscience and organization.

(3) Until the conditions of proletariat organization within the domain of each State and in the sphere of international action permit the formation and working of class bureaux for bringing labour force from one nation to another, to recommend the Government institutions entrusted with the protection of emigration to associate with the representatives of proletariat organization in the exercise of supervision over the working of international labour institutes founded and set working on the initiative of industrialism or capital.

(Summarised from the *Confederazione del Lavoro*, Organ of the General Labour Confederation, Milan, N° 244, December 1st., 1912).

*
* *

II. — **Important Farmers' Meeting at Codogno to study the Matter of Farm Leases.** — On the 16th. of November, 1911, a meeting was held at Codogno on the initiative of the association of landowners and farm managers,

with the object of discussing together with the representatives of agriculture and of the classes, the practical means for realising the reform of the present leases of irrigated farms, a reform studied by the agricultural society of Lombardy. Prof. Arrigo Serpieri of the Milan Higher School of Agriculture, set forth the provisions of the law required, because in Lombardy, as in the classic agricultural country, England, the farmer is recognised as having, within certain limits and under certain guarantees a right to compensation for improvements on the estate. The following motion, presented by the writer of the report was carried unanimously.

1. The Congress, affirming the utility for the classes concerned and for the progress of agriculture of introducing into the contracts for lease of farms clauses ensuring the farmer compensation in proportion to improvements carried out by him on the land leased, affirming that such a reform should be encouraged by law, expresses the desire that the deputies favourable to the reform take steps or urge the Government to take steps, in the above sense, while considering that the legal right to compensation must be circumscribed within definite financial limits and restricted to improvements recognised as of local utility for good farming, while instructing the local institutions, selected for the purpose to fix the financial limit and the list of the improvements for which compensation is due, subject to periodical revision.

2. The Congress recognising further that the right to compensation for agricultural improvements is in principle recognised by Lombard customs (Schedules of the fertility of the soil and of kinds of cultivation), but that to-day it is applied in ways not always in conformity with modern agricultural knowledge, expressed the desire that :

(a) the Agricultural Department instruct its dependent experimental agricultural institutions to carry out researches in order to establish for the various regions of Italy the fundamental data according to which the schedules of fertility may be prepared ;

(b) that the Colleges of Engineers in agreement with the agricultural institutions of the Lombard region may take the initiative in a revision of the methods and tariffs now adopted in the schedules of fertility and cultivation ;

(c) that the above colleges study the institution of a permanent commission, formed of persons competent in the various branches concerned, to advise, and if necessary arbitrate in controversies that may arise with regard to the schedules at the end of the lease, and specially the schedules of fertility and cultivation. Before the meeting separated a motion presented by Advocate Cervi was also passed, warmly recommending the necessary propaganda for the introduction of the desired reforms in farm lease contracts.

III. — BIBLIOGRAPHY.

Publications of Recent Date on agricultural Economy in General.

(a) Official Publications :

- Annali di Agricoltura, 1911 (n. 266). Relazione e proposte della Commissione per lo studio di provvedimenti economici a vantaggio della Maremma Toscana (*Annals of Agriculture*, 1911 (no. 266). *Report and Proposals of the Commission charged to study the Measures that may be taken for the Improvement of the Tuscan Maremma*). Ministerial Decree of 12th. October, 1910. Agricultural Department. Rome, Bertero, 1911.
- Popolazione italiana al 10 giugno 1911 (risultati provvisori). (*The Italian Population on June 10th.*, 1911. *Provisional Results*). Publication of the General Management of Statistics and Labour. Census Office. Rome, National Press, G. Bertero, 1911.

(b) Other Publications :

- ATTILI FRANCESCO : Nozioni di economia rurale, redatte secondo le opere dei migliori autori (*Notions of Rural Economics, from the Works of the Best Authors*). Pesaro. Pesaro Press, 1911.
- BARTOLOMMEI GIOLI DR. GINO : Del regime fondiario nelle nostre colonie. (*The Land System in Our Colonies*). Rome, National Press, 1911.
- CAPACCI ERNESTO : Cenni storici degli antichi diritti agrari dei cittadini cornetani (*Historical Notes on the Ancient Rural Rights of the Inhabitants of Corneto*) Corneto Tarquinia. "Typographic school," 1911.
- CARNELUTTI FRANCESCO : Diritto di scelta delle macchine trebbiatrici nel contratto di mezzadria. (*Right of Choice of Threshing Machines reserved to the Tenant Farmer in his Contract*). Milan. F. Vallardi, 1911.
- CARNELUTTI F. : Le nuove forme di intervento dello Stato nei conflitti collettivi del lavoro (*The New Forms of State Intervention in Collective Labour Conflicts*). In the "Rivista di Diritto Pubblico e della Pubblica Amministrazione in Italia" (*Review of Common Law and Public Administration in Italy*). Rome, September-October, 1911.
- CHECCHI, M. : La questione forestale nella colonia Eritrea (*The Forestry Question in Eritrea*) (Italian Colonial Institute). Rome. National Press. 1911.
- CHEMIN-PALMA F. : Alcuni brevi cenni di un avito istituto economico nell'attuale fase agraria (mezzadria). (*A Glance at an Ancient Economic Institution in the Present Agricultural Phase*). (*Métayage*). Perugia, Bartelli, 1911.
- DOCT. A. COLLUCCI : La lotta alla Malaria nell'Agro Tarantino (*The Struggle against Malaria in the Tarentine Campagna*). Milan. Printed by G. Bersani, 1911.
- DOTT. G. CONSOLANI and G. ESMENARD : Il costo di produzione di uva nell'Alto Polesine (*The Cost of Grape Production in Alto Polesine*). Essay in Economic Analysis, Rovigo, « Corriere » Press, 1911.

- DALL'AGLIO A. : « La festa degli Alberi » (*Arbor Day*). Reggio Emilia. Co-op. Press., 1911.
- DE ANGELIS GIOACCHINO : Per la futura coscienza forestale italiana. (*For the Future Forestry Conscience of Italy*) Communication presented to the Italian Forestry Congress, Turin, 1911. in the "Economia Rurale". Turin, no. 2. January 25th., 1912.
- Dr. DE MARCO ALFREDO : L'Agricoltura nella provincia di Teramo (*Agriculture in the Province of Teramo*) Teramo, « Corriere » Press, 1911.
- Dr. FERRARI M. : I sistemi di amministrazione rurale in rapporto ai lavoratori nella provincia di Reggio Emilia (*The Systems of Rural Administration with regard to Labourers in the Province of Reggio Emilia*) Pisa, Mariotti, 1911.
- G. F. GARDENGHI : Legislazione igienica del lavoro (*Hygienic Labour Legislation*) with Preface by L. LUZZATTI. Turin. Turin Union Press, 1911.
- Prof. GAVEGLIO DANTE : Relazione sessennale (1904-1910) sull'attività della cattedra ambulante di agricoltura di Sulmona (*Six Yearly Report on the Work of the Sulmona Itinerant Agricultural Lecturership*) Sulmona - Social Press. 1911.
- GIORDANI GIUSEPPE : Proposte e Consigli per la nostra olivicoltura (*Proposals and Counsels in Connection with our Olive Cultivation*) Savona Itinerant Agricultural Lecturership. Savona. G. Botta, 1911.
- G. GIRETTI : Le cause mondiali e le cause nazionali del caro dei viveri (*The Universal and the National Reasons for the High Price of Provisions*). In the "Libertà Economica". April 2nd., 1911.
- LOCATELLI A. F. : Le leggi sul lavoro e il diritto internazionale operaio (*The Labour Laws and the International Labour Law*). Padua. Drucker, 1911.
- SARTI G. : Saggi sulla legislazione agraria in Italia (*Essay on Agricultural Legislation in Italy*), Bologna, Garagnani, 1911.
- Dr. GIOV. SCARPITTI : Sul problema zootecnico meridionale (*The Livestock Improvement Problem in the South*). Notes. Naples, Trevisonno and Celestino, 1911.
- Prof. NICOLA STOLFI : Se e quali diritti spettino al conduttore per i miglioramenti eseguiti nel fondo locato (*If the Farmer has Rights, and if so what Rights, for Improvements carried out on Land leased by him*) Turin, Typographic Union, 1911.
- STRINGHER VITTORIO : L'istruzione e la sperimentazione agraria in Italia (*Agricultural Instruction and Experiment in Italy*). Rome. National Press, Bertero, 1911.
- VOLI GIOVANNI, Adv. : Disposizioni legislative e regolamentari sulla coltivazione del riso e l'igiene del suolo e delle abitazioni rurali (*Legislative Provisions and Regulations on Rice sulCulture, the Hygiene of the Soil and of Rural Dwellings*) Novara, Cattaneo, 1911.

MISCELLANEOUS

VARIOUS COUNTRIES.

CURRENT QUESTIONS.

Subdivision of Landed Properties in Various European Countries.

Under the title, the Repeopling of the Country Districts, Prof. Eugen Schwieland, of the University of Vienna, has just published a remarkable study in comparative legislation upon subdivision of landed property in the R vue d'Economie Politique Paris (January-February, 1912). We reproduce the following pages the importance of which will escape none of our readers,

  1. Subdivision in Germany.

The Prussian law allows the purchase of a small holding by way of rent in money or grain. Thus poorer farmers get all the necessary capital advanced to them ; at the same time the new farm is protected by the prohibition of its subdivision or its sale to large landowners.

This " home settlement " (establishment of small holdings) is managed in West Prussia and the Province of Posen by a *Royal Settlement Office*. It buys the lands, subdivides them, and transforms them into small holdings, or lots for artisans or workmen to be paid for in rent. For this purpose 725 million marks has been voted. The settler pays an annual rent of 3    % of the estimated value of the lot, or pays the whole amount in a lump sum. This colonisation is inspired by the idea of Germanising these provinces in view of the opposition of the Poles, and the necessary capital was furnished by the State in 1886, 1898 and 1902. The office proceeds directly with these settlements and in 1908 was invested with a right of compulsory expropriation in order to oppose the efforts of the

Poles, who, on their side, bought and colonised the lands of the German landlords. Still this violent means has not yet been resorted to, as the office has sufficient lands at its disposal. The menace of expropriation, however, remains and the Imperial Chancellor, Bethman-Hollweg, in June, 1911, declared that he would not deviate at all from the course of his predecessor, Prince von Bülow.

In the other parts of Prussia, eight *General Commissions* intervene between buyers, sellers and 7 *Rentenbanks*; these latter obtain the necessary capital by the issue of land bonds at $3\frac{1}{2}\%$

The seller receives his price from the Bank in $3\frac{1}{2}\%$ land bonds. The buyer pays the bank interest and sinking fund; he may on the same conditions obtain loans on land to build a house or farm buildings. Thus small holdings of from 10 to 100 hectares, artisans' allotments of from 4 to 7 hectares and workmen's gardens of 2 hectares have been formed for about a total number of 450,000 hectares.

Certain departmental administrations, settlement societies of public utility to which the State advances loans, and co-operative subdivision societies are inspired by the idea of subdividing the land; and, in addition, several speculators buy land estates in order to cut them up for their own account.

§. 2. *Subdivision in Great Britain.*

The Prussian legislation has been outstripped in this respect by British legislation. The agricultural crisis affected England more seriously than the Continent, for the effect of transatlantic importation was there felt at once, and there was no customs protection checking it. Large tracts of land were given up to extensive cultivation or even left fallow and many agricultural labourers wanted for bread. The army of the unemployed increased in the towns and the Irish troubles revealed all the seriousness of the agrarian question. Thus — independently of the efforts made in Ireland to improve the legal position of the farmers and change them into owners of small or average sized property — it has been sought to create in England, Wales and Scotland, small allotments for artisans and small agricultural holdings.

The workmen's allotments were already contemplated in 1819; but they were only created to any great extent after the special laws of 1882, 1887, 1890, 1894 and 1907.

Any labourer (any individual forming part of the labouring population) may claim from his parish an allotment of an acre (.4 hectare). The local councils must obtain the land for him and, for the purpose, may have recourse to expropriation; they may subdivide the land, trench it, drain

it, make the necessary roads, and build a house per allotment. The contract has the advantage of not fixing the labourer to a given place. Already in the elections before the last the agricultural labourers demanded the extension of their rights to three acres and a cow; but up to the present not more than one acre can be claimed, and not more than 5 (2 hectares) obtained.

The *Small Holdings Acts* of 1892 and 1907, on the contrary, provide for the formation of holdings of from 1 to 50 acres to be given as freehold or on lease. The County Council must decide if there is a demand for small farms and, if so, must purchase the necessary land; in case of inaction on the part of the County Council, the Board of Agriculture intervenes. If the County can neither buy nor hire (for from 14 to 35 years) land on reasonable conditions, it has the right with the authorization of the Board of Agriculture to expropriate or forcibly to take on lease. The land may also be handed over to co-operative societies which sublet it to their members and the formation of these co-operative farms is encouraged by State subventions.

The County covers its expenses by means of additional taxes, loans and an account at the Bank of England (*Small Holdings Account*) supplied from the State finances.

Thus, in England peasants and workmen have a right to a farm or to landed property.

The demand has, up to the present, been especially for farms of from 1 to 2 hectares; the only difficulty is the construction of houses and farm buildings; the result is an increase of the County Council expenses and therefore of the annual payments due from those concerned.

The farms sufficient to provide a livelihood are of 2 or 2½ hectares, where the soil is very light, and fit for intensive cultivation of fruit and vegetables; they are of 10 hectares in good meadow land, and from 12 to 15 hectares in ordinary farming conditions.

The formation of small holdings and allotments may damage the large estates subject to expropriation and these may not be sufficiently compensated. Often the buildings, barns and stables, the system of cultivation or of livestock improvement employed, must be completely changed after the expropriation of a part of the estate and sometimes that part of the property which is not bought is considerably depreciated in value. These are the consequences of compulsory expropriation in default of a voluntary transfer of the lots which the proprietors' own interest might have inspired.

This method of settlement has, however, arrested the emigration of the peasants. But as the settlers prefer to hire, there is a *frequent change of occupiers*, detrimental to the land. Generally, those kinds of cultivation are extending for which small holdings are better adapted than large

estates ; for example, early vegetables, new potatoes, strawberries and flowers.

§ 3. *Subdivision in the Scandinavian Countries.*

In the Scandinavian countries the State has also been led to intervene to keep the country for rural labourers. Denmark is especially remarkable in this respect. We find there first of all a society of public utility, the *Hedelskab*, which aided by State subventions clears and replants the Jutland moors with forests.

In the second place it has been desired to found a class of permanent agricultural labourers, socially related to the peasant farmers, with interest in the rural commune and constituting an active element in it. Peasant property should fix the labourers to the soil, even in case of a greater rise in industrial wages, and should counterbalance the attractions of the towns, where there is a larger life. By it also the season immigration of foreign labourers may be avoided, as that may, by an influx of large numbers of uncultivated workmen, damage the position of the national labourers, and consequently entail regrettable social consequences. The law of 24th. March, 1899 was thus inspired by democratic intentions ; it is the work of the strong peasant party, opposed to socialist influence, which in this agricultural State of Denmark is trying to reinforce the position of the peasants. The first law was extended, on the 22nd. April, 1904, to include horticultural labourers and brickmakers as well as the artisans of the flat country, and renewed on the 30th. April, 1909.

In each department there is a commission for the establishment of State Cottages (*Staats husmaend*) ; it is composed of three persons, one of them being a peasant proprietor. The acquisition of the necessary land becomes the business of the communes, when the person who wishes to acquire a small holding cannot succeed in buying it directly. Each holding is at least a hectare in size ; only $\frac{1}{10}$ th of the total value, including buildings, cattle and implements, is paid up, and the State assumes the financial risk of the $\frac{9}{10}$ ths. For the first five years of the loan, there is no sinking fund ; the payment of the interest begins at once, but the rate is only 3 % ; so that the State thus assumes a permanent burden, for this contribution does not cover the interest it has itself to pay on the loans it contracts. After the lapse of five years, the small holder pays 3.4 % in interest and sinking fund amounts and, as soon as two fifths of the loan are repaid, 4 %. The property must remain agricultural and cannot be subdivided nor united with other land. The widow of the holder may enter, as his substitute, into relations with the State bank, and as a heritage the land may pass to one of the children.

In this kind of loan, between 1909 and 1914, the State may invest up to four million crowns a year. (The Danish *crown* is worth 1.38 fr.) From 1900 up to the 31st. March, 1910, the State granted nearly 5,000 loans amounting to 21½ million crowns. The good progress made by these settlements is proved, especially by the great increase of cattle.

On an average, the owner of a holding does 155 days, work for other landowners. But if he does not go himself to work, the labour of his family can be counted on. Generally, these subdivisions are made on the more remote and consequently insufficiently cultivated lands, in part on virgin soil, and in the greatest number of cases the land is considerably improved.

Finally, a law of 6th. April, 1906, which it is the province of the financial department to apply, places within a term of five years the amount of a million at the disposal of societies for the subdivision of medium sized properties. This sum is granted to them on second mortgage at 3 %.

Norway passed a law on rural settlements on 9th. June, 1903. The object was to arrest the emigration to North America and to check the exodus to the towns. With this object, a *Settlement Bank* was founded; it gives loans to persons who possess no more than 1,500 crowns (crown = 1.38 fr.), for the acquisition of small holdings of from ½ to 2 hectares and will clear the land for them or purchase fields already cultivated. The *rural communes* may, besides, borrow in order to purchase lands and establish *workmen's dwellings*. The loan for purchase of fields may amount to 9/10ths. of their value and a maximum of 3,000 crowns, the loan for buildings to 1,500 crowns in the country and 2,000 in the towns. The repayment of the debt begins at the end of five years for the small loans for land, at the end of two years for building loans and lasts in the first case 42 and in the second 28 years. In seven years this Bank has lent 10½ million crowns for land and 9 million for buildings.

In Norway, as in Denmark, the success will depend in part on the capacity of the "colonists", otherwise the State will not recover the amounts advanced by it.

Sweden followed these examples in the law of 17th. June, 1904 and between 1905 and 1909 lent 10.8 million crowns for home settlements; even before State lands had been subdivided. Now a fund has been created to encourage home settlements, to be formed of annual amounts of 5 million crowns. The maximum value of the farm land is 5,000 (in future 6,000), of the house, 3,000 crowns. The loans are made through *associations* and *societies* which are institutes for the settlements; they may amount to 5/6 ths. of the value of the land, and 3/4 ths. that of the buildings; the interest is 3.1 %, sinking fund 2.4 % (total 5.5 %).

Requests for loans for purchase of fields are most frequent. Workmen and others of small means, at least twenty one years old, are admitted to the privileges.

§ 4. *Subdivision in Belgium, Holland, Spain and France.*

Belgium, especially the Flemish part, is a country of small holdings. On many occasions the transfer and mortgage dues for small holdings of a value of less than 10,000 francs have been reduced. The small proprietors have many children who are occupied in industry or who emigrate, as season labourers to work in the periods of agricultural occupation on the large estates.

Holland is anxious about the position of the agricultural labourers. A Royal Commission discussed the matter in 1906 and proposed the intervention of the State. A law is being prepared to grant subsidies for home settlements of *agricultural labourers*, and then for the foundation of new *peasant* holdings.

Spain voted provisions of this character in 1907 and 1908. It is intended first of all to settle the uncultivated State and Communal lands and in addition to subdivide private property. Agriculture and Re-forestation will be supervised and the settlers must be affiliated to co-operative societies for purchase and sale. The State contributes 20 % towards the expenses of organization, with a maximum of 1,500 pesetas. At the end of 5 years the settler becomes owner of the property, five years later he can resell it. 1½ million pesetas have been assigned for this purpose.

In France, the State, in conformity with the law of April 10th., 1908 on small holdings and cheap Dwelling Houses, facilitates the purchase of land, gardens or small dwellings, granting loans at 2 %, when the value of the real estate does not exceed 1,200 francs. The necessary amounts, up to 100 million, are derived from a State fund and are appropriated to their purpose by societies of public utility, at this moment 11 in number.

Compulsory life insurance guarantees these societies in case of the borrower's death and permits of the bequest to heirs of land that has been completely paid for.

Similarly the laws of 12th. July, 1909 on homesteads and 19th. March, 1910 on long term agricultural credit, facilitate the constitution, acquisition and maintenance of small farms. The law of 12th. April, 1906 already favoured cheap dwelling houses.

§ 5. *Subdivision in Russia.*

Russia has been occupied with the matter of home settlements since 1884, as a necessary consequence of the enfranchisement of the peasants. On the one hand, the peasants who had insufficient land had to have some possibility of enlarging their holdings; on the other, the large estates,

very much encumbered, had to have the resource of reducing their debts by the sale of land. The State founded two Agrarian Banks: the *Nobles' Bank* and in 1882 the *Peasants' Bank*. The Nobles' Bank granted the *landowners* mortgages for small sums and thus impeded any tendency to *selfhelp* and economy. The Peasants' Bank had to grant loans on mortgage to the communes, associations and peasant landowners and thus increase the insufficient small and medium holdings.

In the troubles following the unfortunate war with Japan, the Government decided on extending peasant property. Consequently, the burdens remaining after the enfranchisement of the serfs (1863) were suppressed, and the Peasants' Bank was charged to *buy* and *subdivide* large estates; in 1906 a part of the Court lands was transferred to it. A new right of primogeniture was established and the transformation of the *mir* into private property encouraged. Agrarian commissions were also charged to encourage the exchange and restriping of the peasants' lands, while aiding the transition from the village to the separate dwelling and the well rounded off farm.

In 1906 and 1907 the Peasants' Bank showed great activity; it bought in round numbers 3 million déciatines (hectares) of land and lent 165 million roubles on mortgage. After 1908, and the return of tranquillity, the Bank was less active. In the middle of 1910 it had $5\frac{1}{2}$ million hectares of land valued at 482 million roubles and had sold $1\frac{1}{2}$ million hectares for an amount of 182 million roubles. The buyers pay a twentieth part of the amount in cash.

In round numbers, three fourths of the sales were made to associations, one fourth to communes and only 2 % personally to the peasants.

The Peasants' Bank further granted loans on land bought by the peasants without its intervention, so extinguishing the private mortgages of the sellers and replacing them by its own loans. At the end of 1908 it had granted 70,000 of these loans, amounting to 670 million roubles.

Altogether in the middle of 1910, the loans amounted to $905\frac{1}{2}$ million roubles distributed over $12\frac{1}{2}$ million déciatines.

The loans and the difficulties of legal proceedings are the reason that, in spite of traditions to the contrary, sale of lands to associations has also been made in Poland. The members of the association are jointly and severally responsible for interests: the managing committee eventually undertakes the sale of useless furniture and sequestrates the land.

Complaint is made of bad cultivation and of dissensions within the associations.

The Bank bonds bear interest of from 5 to 6 %; the repayments are calculated at 7 % and are generally made under favourable conditions;

defaulting debtors' estates are subject to sequestration and then return in large part into the hands of the Bank.

Independently of these efforts, Russia, as we know, is effecting extensive colonisation in Siberia.

§ 6. *Subdivision in Other Parts of Europe.*

In Roumania, home settlements followed the emancipation of the serfs; in Italy, Signor Luzzatti's Ministry prepared a bill in favour of small holdings; Austria has promulgated similar laws for Galicia and Bukowina; Hungary, in its turn, has prepared a similar bill after experience of the inefficacy of a previous law of 1894; and Greece is occupied with the same question.

INTERNATIONAL INSTITUTE OF AGRICULTURE

BULLETIN OF THE BUREAU

OF ECONOMIC AND SOCIAL IN-

TELLIGENCE ▲ ▲ ▲ ▲ ▲ ▲

18th VOLUME ☞ ☞

IIIrd YEAR - NUMBER 4

☞ ☞ APRIL 1912



ROME, 1912 — PRINTED AT THE INSTITUTE'S PRINTING OFFICE

STAFF OF THE BUREAU

Chief of the Bureau

Prof. GIOVANNI LORENZONI, LL. D.

Chief of Section

K. A. WIETH-KNUDSEN, D. Pol. Sc.

Redacteurs:

- | | |
|---------------------------------|----------------------------------|
| 1. T. BALDASANO Y LOPEZ, LL. D. | 8. P. MENGARINI, LL. D. |
| 2. M. BEAUFRETON, LL. D. | 9. J. K. MONTGOMERY, B.A., B.Sc. |
| 3. G. COSTANZO, LL. D. | 10. L. PAULUCCI, LL. D. |
| 4. L. DE NOBILI, LL. D. | 11. G. PILATI, LL. D. |
| 5. B. GRIZIOTTI, LL. D. | 12. O. PIRES, Agric. Eng. |
| 6. A. MAC LEAN, Ph. D. | 13. L. REDAELLI, LL. D. |
| 7. B. MEHRENS. D. Econ. Sc. | 14. G. ROCCA, LL. D. |

The English translation has been made by W. P. WATERMEYER, B. A.

THE INTERNATIONAL INSTITUTE OF AGRICULTURE

The International Institute of Agriculture was established under the International Treaty of June 7th, 1905, which was ratified by 40 Governments. Ten other Governments have since adhered to the Institute.

It is a Government Institution in which each Country is represented by delegates. The Institute is composed of a General Assembly and a Permanent Committee.

The Institute, confining its operations within an international sphere, shall:

a) Collect, study, and publish as promptly as possible statistical, technical, or economic information concerning farming, vegetable and animal products, the commerce in agricultural products, and the prices prevailing in the various markets;

b) Communicate to parties interested, also as promptly as possible, the above information;

c) Indicate the wages paid for farm work;

d) Make known the new diseases of plants which may appear in any part of the world, showing the territories infected, the progress of the diseases, and, if possible, the remedies which are effective;

e) Study questions concerning agricultural co-operation, insurance, and credit in all their aspects; collect and publish information which might be useful in the various countries for the organisation of works connected with agricultural co-operation, insurance and credit;

f) Submit to the approval of the Governments, if there is occasion for it, measures for the protection of the common interests of farmers and for the improvement of their conditions, after having utilized all the necessary sources of information, such as the wishes expressed by international or other agricultural congresses, or by congresses of sciences applied to agriculture, or agricultural societies, academies, learned bodies, etc.

The Institute publishes: *a)* a Bulletin of Agricultural Statistics; *b)* a Bulletin of Agricultural Intelligence and Diseases of

Plants; c) a Bulletin of Economic and Social Intelligence; d) a Bulletin Bibliographique hebdomadaire (published every Saturday).

It has also published a volume on "The Organization of Agricultural Statistical Services in the Several Countries", and a volume on "Statistics of Cultivated Areas and of Vegetable and Animal Production in the Adhering Countries" (an Inventory drawn up from documents published by Governments), and "Monographs on Agricultural Cooperation in Various Countries (2. Vol)".

**Officials of the Institute
and List of Delegates on the Permanent Committee.**

President: MARQUIS RAFFAELE CAPPELLI, *Delegate of Italy.*

Vice-President: M. LOUIS-DOP, *Delegate of France.*

General Secretary: Prof. GIOVANNI LORENZONI.

Delegates of the adhering States on the Permanent Committee.

| | States adhering to the Institute | Groups in which the adhering States are classified | Names and Rank of the Delegates |
|----|-------------------------------------|--|---|
| 1 | Germany | I | Dr. T. MUELLER, Privy Councillor. |
| 2 | Argentine Republic | I | His Excell. E. PORTELA, Minister plenipoten- tiary of the Argentine Republic to H. M. the King of Italy. |
| 3 | Austria | I | Chev. V. DE POZZI, Government Councillor. |
| 4 | Hungary | I | E. DE MIKLÓS DE MIKLÓSVAR, Secretary of State for Agriculture, Member of the House of Magnates. |
| 5 | Belgium | IV | O. BOLLE. |
| 6 | Brazil | I | ANTONINO FIALHO, Ex-Deputy; Ex-President of the National Agricultural Society. |
| 7 | Bulgaria | III | D. RIZOFF, Minister plenipotentary of Bulgaria to H. M. the King of Italy. |
| 8 | Chile | I | S. ALDUNATE BASCUÑAN, Minister plenipoten- tiary of Chile to H. M. the King of Italy. |
| 9 | China | I | TCHIAO-HI-TCHIOU, Secretary of the Chinese Legation to the Italian Government. |
| 10 | Costa-Rica | V | R. MONTEALEGRE, Minister plenipotentary of Costa-Rica to H. M. the King of Italy. |
| 11 | Cuba | | C. M. DE CESPEDES Y QUESADA, Minister plenipo- tentary of Cuba to H. M. the King of Italy. |

| | States adhering to the Institute | Groups in which the adhering States are classified | Names and Rank of the Delegates |
|----|-------------------------------------|--|---|
| 12 | Denmark | IV | M. A. OLDENBURG, Secretary to the Danish Legation to the Italian Government. |
| 13 | Ottoman Empire | I | Dr. MEHMED DJÉMIL, BEY. |
| 14 | Egypt | II | B. CHIMIRRI, Delegate of Eritrea and Italian Somaliland. |
| 15 | Ecuador | V | A. NORERO, Minister plenipotentiary of Ecuador to H. M. the King of Italy. |
| 16 | Spain. | I | ENRIQUE RODRIGUEZ DE CELIS, Agricultural Engineer. |
| 17 | United States . . | I | DAVID LUBIN. |
| 18 | Ethiopia | V | Prof. G. CUBONI, Director of the Station of Plant Pathology of Rome. |
| 19 | France | I | LOUIS-DOP, Vice-President of the Institute. |
| 20 | Algeria | V | LOUIS-DOP, Delegate of France. |
| 21 | Tunis. | V | LOUIS-DOP, Delegate of France. |
| 22 | Great Britain and Ireland | I | H. G. DERING, Counsellor to the British Embassy to the Italian Government. |
| 23 | Australia . . . | IV | H. G. DERING, Delegate of Great Britain and Ireland. |
| 24 | Canada | II | H. G. DERING, Delegate of Great Britain and Ireland. |
| 25 | British India . | II | H. G. DERING, Delegate of Great Britain and Ireland. |
| 26 | New Zealand . | IV | H. G. DERING, Delegate of Great Britain and Ireland. |
| 27 | Mauritius . . | V | H. G. DERING, Delegate of Great Britain and Ireland. |
| 28 | Union of South Africa | IV | H. G. DERING, Delegate of Great Britain and Ireland. |
| 29 | Greece | IV | M. P. J. DELYANNI, Chargé d'affaires of Greece to the Italian Government. |
| 30 | Italy | I | Marquis R. CAPPELLI, Vice-President of the Chamber of Deputies, President of the Institute. |
| 31 | Eritrea and Italian Somaliland | IV | B. CHIMIRRI, Member of Parliament. |

| | States adhering to the Institute | Groups in which the adhering States are classified | Names and Rank of the Delegates |
|----|-------------------------------------|--|--|
| 32 | Japan | I | NAOTOSHI MARUMO, First Secretary to the Imperial Japanese Embassy to the Italian Government. |
| 33 | Luxemburg . . . | V | O. BOLLE, Delegate of Belgium. |
| 34 | Mexico | II | G. A. ESTEVA, Minister plenipotentiary of Mexico to H. M. the King of Italy. |
| 35 | Montenegro . . . | V | G. VOLPI, Director General of the Monopolies of the Kingdom. |
| 36 | Nicaragua. . . . | V | V. E. BIANCHI, Consul General of Nicaragua at Rome. |
| 37 | Norway. | IV | Dr. G. FJELSTAD, Agricultural proprietor. |
| 38 | Paraguay | V | Prof. ORAZIO COMES, Principal of the Higher School of Agriculture, Portici, (Italy). |
| 39 | Holland | IV | H. DE WEEDE, Minister plenipotentiary of Holland to H. M. the King of Italy. |
| 40 | Peru | V | Dr. M. M. MESONES. |
| 41 | Persia | IV | A. DEL GALLO, Marquis of ROCCAGIOVINE. |
| 42 | Portugal | IV | LUIZ FILIPPE DE CASTRO, Professor of the Agronomic Institute at Lisbon. |
| 43 | Roumania. | I | |
| 44 | Russia | I | His Excell. G. ZABIELLO, Counsellor of State, Consul General of Russia at Rome. |
| 45 | Salvador | V | A. BALLO, Acting Consul General of Salvador at Genoa. |
| 46 | San Marino . . . | V | His Excell. L. LUZZATTI, Minister of State of the Kingdom of Italy. |
| 47 | Servia | III | C. SCOTTI, Consul General of Servia at Rome. |
| 48 | Sweden | IV | Baron C. N. D. DE BILDT, Minister plenipotentiary of Sweden to H. M. the King of Italy. |
| 49 | Switzerland . . . | IV | J. B. PIODA, Minister plenipotentiary of Switzerland to H. M. the King of Italy. |
| 50 | Uruguay | V | REQUEÑA BERMUDEZ, Chargé d'affaires of Uruguay to the Italian Government. |

CONTENTS.

PART I.

CO-OPERATION AND ASSOCIATION.

Germany :

I. — CURRENT QUESTIONS.

| | | |
|--|------|---|
| Official Statistics of the German Co-operative Societies | Page | 3 |
|--|------|---|

II. — RECENT NEWS.

| | |
|---|----|
| 1. State Intervention in regard to Agricultural Organisations | 8 |
| Formation of a Federation of the Prussian Chambers of Agriculture under the form of a Civil Person in Public Law | 8 |
| 2. Work of the Federations of the Co-operative Societies | 12 |
| 1. Circulation of the Journals of the Co-operative Federations adher- ing to the National Confederation | 12 |
| 2. The Co-operative Week of the National Federation of German Agricultural Co-operative Societies | 13 |
| 3. Miscellaneous Information | 14 |
| Livestock Improvement Societies in Germany, in 1910. | 14 |

Austria :

CURRENT QUESTIONS.

| | | |
|--|------|----|
| New Legislation on Co-operative Societies in Austria | Page | 15 |
|--|------|----|

SECOND PART.

| | | |
|--|------|----|
| Bill for the Foundation of a General Credit Institution for the Co-operative Societies | Page | 15 |
| § 1. Introduction | | 15 |
| § 2. Provisions Proposed and their Object | | 16 |
| § 3. Sphere of Action and Functions of the General Credit Institute for Co-operative Societies | | 19 |
| § 4. International Organization of the General Credit Institute for Co-operative Societies | | 23 |

United States :

CURRENT QUESTIONS.

| | | |
|---|------|----|
| Farmwomen's Clubs in the United States | Page | 25 |
| § 1. Women and the Exodus from the Country in the United States | | 26 |
| § 2. Rural Female Education | | 28 |
| § 3. Women's Institutes | | 30 |
| § 4. Participation of Women in the Granges | | 36 |
| § 5. Small Local Farmwomen's Associations | | 37 |
| § 6. The Colorado Springs Congress | | 39 |

France :

RECENT NEWS.

| | | |
|--|------|----|
| I. Legislation and State Intervention in regard to Agricultural Organisation | Page | 41 |
| A New Bill in Favour of Co-operative Agricultural Credit | | 41 |

| | |
|--|---------|
| 2. Work of the Federations | Page 43 |
| 1. General Meeting of the French Farmers' Society | 43 |
| 2. Union of the Agricultural Syndicates of the Alps and of Provence | 45 |
| 3. Union of the Agricultural Syndicates of the South East | 47 |
| 4. Federation of Co-operative Societies for the Sale of Eggs | 48 |
| 3. Miscellaneous Information | 49 |
| I. — <i>Agricultural Co-operation</i> | 49 |
| 1. Payments of the Bank of France in Favour of Agricultural Co-operative Credit | 49 |
| 2. The Co-operative Wine Society, Besse (Var) | 49 |
| 3. Agricultural Syndicates in the Department of Allier | 50 |
| 4. Association and Utilisation of Electric Power for Agriculture . . | 51 |
| II. — <i>Non-Agricultural Co-operation</i> | 52 |
| Co-operative Distributive Societies according to the Latest Official Statistics | 52 |
| § 1. Number of Societies | 52 |
| § 2. Number of Members | 53 |
| § 3. Object of the Societies | 53 |
| § 4. Total Business Done by the Societies | 54 |
| § 5. System of Sale | 55 |
| § 6. Co-operative Distributive Societies of the Department of the Seine | 55 |
| § 7. National Federations of Co-operative Distributive Societies . . | 55 |
| § 8. Regional Federations of Co-operative Distributive Societies . . | 57 |

II. — BIBLIOGRAPHY.

| | |
|--|----|
| Publications of Recent Date relating to Co-operation and Association . . | 59 |
|--|----|

Kingdom of Hungary (Croatia and Slavonia):

CURRENT QUESTIONS.

| | | |
|--|------|----|
| Agricultural Co-operation in Croatia and Slavonia | Page | 61 |
| § 1. The Beginnings. - Legislation | | 61 |
| § 2. Intervention of the Co-operative Societies in Emigration and in Sericulture | | 65 |
| § 3. Co-operative Instruction | | 66 |
| § 4. The Results | | 66 |

PART II.

INSURANCE.

Austria:

RECENT NEWS.

| | | |
|---|------|----|
| Amendments to the Social Insurance Bill | Page | 73 |
|---|------|----|

Denmark:

CURRENT QUESTIONS.

| | | |
|---|------|----|
| Agricultural Insurance in Denmark | Page | 75 |
| Introduction | | 76 |
| § 1. Fire Insurance | | 77 |
| § 2. Storm Insurance | | 89 |
| § 3. Hail Insurance | | 93 |
| § 4. Livestock Insurance | | 96 |

Great Britain and Ireland:

CURRENT QUESTIONS.

| | | |
|--|------|-----|
| The National Insurance Act: Compulsory Insurance against Sickness and Unemployment | Page | 103 |
| I. — <i>Insurance against Loss of Health</i> | | 104 |
| § 1. The Persons to be Insured | | 104 |
| § 2. How the Money will be Found | | 105 |
| § 3. The Benefits | | 108 |
| § 4. Reduction of Benefits where the Contributions are in Arrear | | 109 |
| § 5. Waiting Periods | | 110 |
| § 6. The Administration of the Act | | 111 |
| II. — <i>Unemployment Insurance</i> | | 115 |
| III. — <i>Books and Articles relating to the National Insurance Act</i> | | 116 |

Switzerland:

CURRENT QUESTIONS.

| | | |
|--|------|-----|
| The New Federal Law on Sickness and Accident Insurance and the Farmers | Page | 121 |
|--|------|-----|

Part I. (*continued*).

| | |
|--|-----|
| <i>Organization of Accident Insurance</i> | 121 |
| § 1. The National Insurance Institute: Collaboration of the Sickness Insurance Societies | 121 |
| § 2. Compulsory Insurance | 125 |
| § 3. Voluntary Insurance and the Special Conditions of Agriculture | 129 |
| § 4. Liability Insurance | 132 |

Part II.

| | |
|--|-----|
| <i>Expenses of the Confederation</i> | 133 |
| <i>Conclusion</i> | 136 |

PART III.

CREDIT.

Germany :

CURRENT QUESTIONS.

| | |
|---|----------|
| Relation between Long Term Investments of Capital in Agriculture and in Manufactures | Page 141 |
|---|----------|

Argentina :

I. — CURRENT QUESTIONS.

| | |
|---|----------|
| Value of Land and Rural Mortgage in Argentina | Page 147 |
| § 1. New Sales of Land | 147 |
| § 2. Rural Mortgages Registered in 1910 | 149 |

II. — RECENT NEWS.

| | |
|---|-----|
| Work of the Credit Institutions | 152 |
| 1. La Banque Hypothécaire Franco-Argentine | 152 |
| 2. National Argentine Mortgage Bank | 154 |
| 3. Argentine Land Credit Institute | 155 |
| 4. Société Anonyme Industrielle et Pastorale Belge-Sud-Américaine | 156 |
| 5. Mutual Land Credit Institute, "El Hogar Argentino" | 158 |
| 6. La Banque Belge-Argentine de Prêts Hypothécaires | 158 |
| 7. South American Real Estate Credit Institute | 158 |

Austria :

CURRENT QUESTIONS.

| | |
|---|----------|
| Mortgage Credit in Austria | Page 159 |
| § 1. Introduction | 159 |
| § 2. First Mortgage Credit Institutions | 162 |
| § 3. Present State of the Organization of Mortgage Credit | 165 |
| § 4. Provincial Establishments Issuing "Lettres de Gage" | 166 |
| § 5. Mortgage Credit Institutes Granting Loans in Money | 172 |
| § 6. Conclusion | 175 |

France :

RECENT NEWS.

Miscellaneous Information.

| | |
|--|----------|
| The New Régime of the Bank of France and Agricultural Credit | Page 177 |
|--|----------|

Italy :

I. — CURRENT QUESTIONS.

| | |
|--|----------|
| Special Agricultural Credit Institutes for Latium, Basilicata, Calabria and Sardinia | Page 181 |
| § 1. The Agricultural Credit Institute for Latium | 182 |
| § 2. The Provincial Agricultural Credit Banks for Basilicata | 185 |
| § 3. The "Vittorio Emanuele III" Agricultural Credit Institute for Calabria | 187 |
| § 4. The "Ademprile" Banks for Sardinia | 189 |

II. — BIBLIOGRAPHY.

| | |
|---|-----|
| Publications of Recent Date relating to Non - Co-operative Agricultural and Land Credit | 191 |
|---|-----|

PART IV.

MISCELLANEOUS.

(Facts and Problems of General Agricultural Economic Interest).

International Facts and Problems.

Increasing Cost of Life from the International Point of view . . Page 195

Austria :

CURRENT QUESTIONS.

| | |
|---|----------|
| Restriping of Land in Austria | Page 205 |
| § 1. Introduction | 205 |
| § 2. Existing Conditions of Rural Property | 206 |
| § 3. Legislative Action with regard to the Division of Rural Landed Property | 210 |
| § 4. How Restriping is Carried out | 213 |

France :

I. — CURRENT QUESTIONS.

| | |
|---|----------|
| New Valuation of Landed Property | Page 215 |
| § 1. The Present Situation of Built on Land in France | 215 |
| § 2. Increase in Built on Property in the last Ten Years | 217 |
| § 3. Organization of the Enquiry with a View to the Valuation of Unbuilt on Land | 218 |
| § 4. Present State of the Work of Valuation | 219 |
| § 5. Examination of the Regions under Investigation | 220 |
| § 6. Variations in the Price of Land in Côte-d'Or, as revealed by a Private Enquiry | 224 |
| § 7. The Situation of two other Departments as it appears from an Enquiry carried out by the Agricultural Information Office | 228 |
| § 8. Fiscal Consequences of the New Valuation | 229 |

II. BIBLIOGRAPHY.

| | |
|---|-----|
| Publications of Recent Date relating to Agricultural Economy in General | 232 |
|---|-----|

PART I.

CO-OPERATION AND ASSOCIATION.

CO-OPERATION AND ASSOCIATION

GERMANY.

I. CURRENT QUESTIONS.

Official Statistics of the German Co-operative Societies.

Sources:

Preussische Central-Genossenschaftss-Kasse. Mitteilungen zur deutschen Genossenschaftsstatistik für 1909 bearbeitet von Dr. A. PETERSILIE (*Contributions to the Statistics of German Co-operation for the Year 1909, collected by Dr. Petersilie*). Sonderabdruck aus dem XXXVI. Ergänzungsheft zur Zeitschrift des Königlich Preussischen Statistischen Landesamtes (*Extract from the 36th Supplement of the Bulletin of the Royal Bureau of Prussian Statistics*), pages 132 + 44, 4to. Berlin, 1911.

The official statistics of the Co-operative movement in Germany are collected every year, under the direction of Prof. Petersilie, by the Prussian Central Co-operative Bank. The last volume, recently published, contains the data for the Year 1909: we reproduce here the principal items.

On the 1st January, 1909, there were in the German Empire 28,141 registered co-operative societies with 4,579,740 members. There was an increase in 1908 of 1,278 societies, that is 4.76 % on those of the previous year, the increase in 1907 had been, on the contrary, 1,150 societies or 4.47 %.

When the 28,141 co-operative societies are divided according to their juridical form, we find that:

18,493 were unlimited liability societies ;

157 » societies with unlimited liability to supplementary calls;

9,491 » limited liability societies.

The societies were distributed as follows among the various States of the German Empire:

| | Co-operative Societies |
|------------------------------------|------------------------|
| Prussia | 15,777 |
| Bavaria. | 4,653 |
| Saxony | 827 |
| Württemberg | 1,824 |
| Baden | 1,142 |
| Hesse. | 946 |
| Mecklenburg-Schwerin | 333 |
| Mecklenburg-Strelitz | 42 |
| Oldenburg | 308 |
| Saxe-Weimar | 238 |
| Brunswick | 417 |
| Saxe-Meiningen | 151 |
| Saxe-Altenburg | 74 |
| Saxe-Coburg-Gotha | 152 |
| Anhalt | 106 |
| Schwarzburg-Sondershausen. | 54 |
| Schwarzburg-Rudolstadt | 83 |
| Waldeck | 63 |
| Reuss, Elder Branch | 14 |
| Reuss, Cadet Branch | 34 |
| Schaumburg-Lippe. | 37 |
| Lippe | 36 |
| Free Town of Lübeck | 20 |
| Free Town of Bremen | 22 |
| Free Town of Hamburg | 84 |
| Alsace-Lorraine | 705 |

Besides these, there are 11 German co-operative societies abroad; two in Palestine and 9 in the colony of German South West Africa.

With regard to the date of their foundation, these societies were divided as follows:

(a) founded before the end of 1866: 613 societies, 375 of unlimited liability, 5 with unlimited liability to supplementary calls and 233 of limited liability;

(b) founded between 1867 and the end of 1888; 2,891 societies, 2,372 of unlimited liability, 18 with unlimited liability to supplementary calls and 5,101 of limited liability;

(c) from 1889 to the end of 1894: 4,311 societies, 3,410 of unlimited liability, 46 with unlimited liability to supplementary calls, and 855 of limited liability;

(d) from 1895 to the end of 1903 : 12,720 societies ; 8,512 of unlimited liability, 72 with unlimited liability to supplementary calls, and 4,136 of limited liability ;

(e) from 1904 to the end of 1908 : 7,606 societies, 3,824 of unlimited liability, 16 with unlimited liability to supplementary calls, and 3,766 of limited liability.

Dividing the societies in accordance with their object, we get the following results :

- 2,045 co-operative credit societies, chiefly urban in character.
- 14,596 " " " " rural "
- 329 professional co-operative societies for the purchase of raw material for use in the various trades.
- 1,919 co-operative societies for the purchase of farm requisites.
- 169 " " " " of merchandise.
- 269 professional co-operative societies for labour, 393 for threshing, 27 for steam ploughing, 96 for collective use of machines, 82 for distribution of electricity, 8 for distribution of gas and 107 for that of water.
- 14 co-operative societies for the purchase of machinery and implements.
- 87 professional co-operative warehouses.
- 349 agricultural co-operative sale societies, 133 for the sale of cattle, 114 for poultry improvement and the sale of eggs, 88 for the sale of corn, 44 miscellaneous co-operative societies for sale.
- 146 professional co-operative societies for purchase of raw material and co-operative sale.
- 288 professional co-operative productive societies.
- 3,584 agricultural co-operative productive societies : 3,070 being dairies, 194 wine societies, 199 distilleries, 104 societies for the sale of fruit and vegetables, 4 slaughter houses 9 fishermen's societies, 4 forestry societies.
- 232 co-operative societies for pasture and improvement of cattle.
- 2,205 co-operative distributive societies,
- 950 co-operative dwelling house societies.
- 236 miscellaneous co-operative societies.

We see therefore that the most widespread co-operative institution is that of the credit societies. Next in number come the dairies.

Let us further observe that the number of societies chiefly rural in character is superior to that of those chiefly urban. There are in fact, 21,439 of the former type and 6,702 of the latter.

In 1908 the members of the co-operative societies increased by 271,535; of these 208,918 belonged to societies founded previously to 1908. This increase is 4.85 % of the number of members in 1907.

The information regarding the societies of more recent foundation formed in the course of the year 1908 are especially interesting. These are 1,706 societies with a total of 97,103 members, 817 were of unlimited liability, 3 of unlimited liability to supplementary calls and 886 of limited liability. Thus the tendency to prefer the juridical form of limited liability is marked. It may also be seen that the form of societies with unlimited liability to supplementary calls is resorted to in an excessively limited degree in practice.

Among the new societies 638 were co-operative credit societies, 584 being principally rural in character.

Finally, examining into the dissolutions of co-operative societies occurring during the year 1908, we find them 428; of these 104 were credit societies and 324 societies of other kinds.

These dissolutions were pronounced:

- (1) by the general meeting of the society :
 - (a) for 93 co-operative credit societies (71 rural);
 - (b) for 296 of other character.
- (2) in consequence of failure :
 - (a) for 8 co-operative credit societies (2 rural);
 - (b) for 18 of other character.
- (3) by the Courts, in consequence of the reduction of the number of members:
 - (a) for 2 rural co-operative credit societies;
 - (b) for 7 co-operative societies of other character.
- (4) on the expiration of the period fixed for their existence; for 1 society, not a credit society.

Besides, 7 co-operative societies were cancelled on the registers as they were not working and existed only in name.

Of the 28,141 co-operative societies considered in the statistical report, 24,404 were members of federations, whilst only 3,737 belonged to no federation.

The central co-operative societies were 117 in number, divided as follows:

- 64 central co-operative societies (central co-operative banks).
- 2 central professional co-operative societies for purchase of necessities.
- 20 central co-operative societies for the purchase of farm requisites.
- 25 central societies for purchase of agricultural produce.
- 102 of these 117 central co-operative societies were affiliated to inspecting federations.

The central co-operative societies had altogether 23,966 members, 16,246 co-operative societies, 232 corporations, and 7,488 individual members.

The total amount guaranteed by the liability of the members of the central co-operative societies was 325 millions.

The liability of only one central co-operative society was unlimited.

Counting also the Central Agricultural Loan Bank of Germany, which, although not of the juridical form of a co-operative society is conducted on co-operative principles, we may say that 21,764 co-operative societies, with 3,183,783 members, that is 75 % of the total number of co-operative societies, are affiliated to the central co-operative societies.

II. — RECENT NEWS.

1. State Intervention in regard to Agricultural Organizations.

Formation of a Federation of the Prussian Chambers of Agriculture under the form of a Civil Person in Public Law. — What the Prussian Chambers of Agriculture, founded by the law of 30th. June, 1908, still required in order to serve as semi-official bodies uniting the provincial agricultural associations was above all a common central office.

They had already, in order to regulate other business which they had in common, installed an office for the quotation of the price of wheat, a commercial office, a credit office, a central office for the utilisation of cattle and a principal office for conferences between their presidential offices.

Some years ago they decided to unite all these offices in one, under the name of the Central Bureau of the Prussian Chambers of Agriculture. In contrast to the others, this bureau had not yet any official character. It was installed at Berlin, in the same building as the Prussian Landes-Oekonomie-Kollegium, the staff of which at first lent its services to the new institution. This union caused a certain number of difficulties, due principally to the fact that, the institutions being both private societies, they had no legal competency. They could only discharge juridical functions in a rather limited degree. Seeing the business of this central office daily increased, the Chambers of Agriculture at last decided to found a federation of the Prussian Chambers of Agriculture as an institution in public law. The approval of the Government was necessary. This was granted by decree dated 30th. October, 1911. Its rules were published on the 17th. November, 1911, in the Gazette of the German Empire and Kingdom of Prussia (*Deutscher Reichsanzeiger und Kgl. Preussischer Staatsanzeiger*).

The following is the text of the constitution of the Federation of the Prussian Chambers of Agriculture. We reproduce it in full.

§ 1. The Chambers of Agriculture of East Prussia, West Prussia, Pomerania, Brandenburg, Posen, Silesia, Schleswig-Holstein, Hanover and Westphalia, of the administrative districts of Cassel and Wiesbaden, the Rhenish Province, as well as the Hohenzollern Society for Agriculture and Industry, are united in a federation to bear the name of "Federation of the Prussian Chambers of Agriculture."

It is understood that all the passages in these rules referring to the Chambers of Agriculture shall apply to the Society mentioned in the first paragraph.

§ 2. The Federation is an institution in public law with headquarters in Berlin.

§ 3. The object of the Federation is :

1. to represent all the Chambers of Agriculture in their common business ;

2. to perform all acts necessary for the management of such common business ;

3. to bear all the expenses that the Chambers of Agriculture are obliged to incur in the execution of their business in the Prussian Landes-Oekonomie-Kollegium.

The Federation may, on condition of its expenses being reimbursed, place its services and its employees at the disposal of the State for the conduct of such business of the Landes-Oekonomie-Kollegium as is not included in the first paragraph of No. 3.

§ 4. To meet the expenses incurred in the accomplishment of the objects indicated in § 3., No. 3, and other objects the attainment of which is contemplated in these rules, if the other revenue and above all the State subventions are insufficient, the Chambers of Agriculture shall pay a contribution in proportion to the net revenue of the land belonging to their districts and subject to the land tax in conformity with the law on the Chambers of Agriculture of date of 30th. June, 1894, § 18, paragraph 1. This net income is that estimated for the land tax.

The same rules apply similarly to the Hohenzollern Society for Agriculture and Industry. The General Meeting (§ 6) must, however, fix the proportion of the expenses to be borne by the society.

In case of measures or services planned, especially by the districts of certain definite Chambers of Agriculture, and by others also but in less degree, the General Meeting may determine that the resulting expenditure shall be distributed among these Chambers in varying proportions, but for a decision of this character, the approval of the Minister of Agriculture, State Lands and Forests is necessary.

§ 5. The executive authorities of the Federation are : 1st. the General Meeting (§ 6), 2nd. the President (§ 8) and 3rd. the Federal Committee.

§ 6. The General Meeting is composed of the presidents of the Chambers of Agriculture or, in default of these, of the vice-presidents. If the vice-president cannot attend, the president shall appoint another person to substitute him.

The General Meeting is held once a year. Special meetings, may, however, be called : when the interests of the Federation require it, or

when at least three Chambers of Agriculture have made written request to the president (§ 8).

Written notice of the General Meetings must be sent to the presidents of the Chambers of Agriculture. The first general meeting will be called and presided over by the president of the Prussian *Landes- Oekonomie-Kollegium*.

§ 7. At the General Meeting each Chamber of Agriculture has one vote. The general Meeting decides all the business of the federation by a majority of votes, except that which the provisions in the Rules reserve to the president (§ 8) or the federal commission (§ 12).

The president has the casting vote unless other provision is made in the rules (§ 8. par. 2; § 12. par. 2).

Regulations passed at the federal meeting will contain the special rules for procedure for the discussions and voting. Up to the present, it is the president who determines those to be followed.

§ 8. The president and vice-president of the Federation shall be appointed for three years by the General Meeting, which elects them from among the presidents of the Chambers of Agriculture. When the votes are equally divided, the president shall draw lots. The election procedure shall be determined by the regulations (§ 7, par. 2), or by the president, as long as the regulations are not yet drafted and approved.

In the case of a first election, the general meeting may reduce the term of office to a period of less than three years.

If the president or vice-president of the Federation cease to be presidents of a Chamber of Agriculture, they lose at the same time their position of president or vice-president of the Federation.

Until the election of a new president, the one in office continues to occupy himself with the business

The president represents the Federation under all circumstances, even in legal suits. He occupies himself with the ordinary administration business, assembles and presides over the general meetings and the sessions of the federal commission (§12), prepares the discussions and carries out the decisions taken. He is the chief of the employees of the Federation and has the supervision of all the other persons it employs.

All acts binding the Federation require the approval of the general meeting. In urgent cases, the approval of the commission is sufficient.

§ 10. In the absence of the president, all his powers devolve on the vice-president.

§ 11. The president or vice-president shall be authorized to represent the Federation with outsiders by authorization of the Minister of Agriculture and Forests.

§ 12. The Federal Commission is composed of the president and four other members, elected, in each case, for a maximum period of three years

by the general meeting from among the presidents of the Chambers of Agriculture. The president of the Federation is also president of the Commission. The latter then elects a vice-president from among its members.

The provisions of § 8, par. 2 apply to the elections. A member of the commission ceases to hold office when no longer president or vice-president of a Chamber of Agriculture. If a member of the commission ceases to form part thereof previously to the termination of the period for which he was to have held office, the appointment of a substitute for the rest of the period must be proceeded with.

§ 13. It is the president's duty to engage the employees of the Federation. The consent of the general meeting is required in case of a life appointment and the grant of pension rights to employees. The approval of the commission suffices when it is merely a matter of engaging an officer for the Federation. It is only the officer charged with the general business management, that is the general secretary, whose appointment must be confirmed by the Government. The president is authorized himself to engage servants of the Federation who are not officers.

§ 14. The Federation is placed under the supervision of the Minister of Agriculture, State Lands and Forests.

§ 15. Amendments of the Rules, the dissolution of the Federation, and the withdrawal of a Chamber of Agriculture from the Federation must be approved in general meeting by a three fourths majority. The decision taken in such matter must be ratified by the Minister of Agriculture, State Lands and Forests.

To appreciate the advance made by the foundation of the Federation of the Prussian Chambers of Agriculture, it will suffice to consider that the mere fear of having to set aside the Prussian Landes-Oekonomie-Kollegium, which is such a deserving institution, prevented the Chambers and the Government from founding this Central Office. And yet in recent years it is what the Chambers of Agriculture felt the need of most keenly and most ardently desired to see realised. By giving the Federation of the Chambers of Agriculture the form of an institution in Common Law, the advantage has been realised of providing the Chambers of Agriculture for the future with a very suitable central institute, without any prejudice thereby to the important functions discharged by the Prussian Landes-Oekonomie-Kollegium.

(Summarised from *Mitteilungen der Zentralstelle der Preussischen Landwirtschaftskammern* (Bulletin of the Central Office of the Prussian Chambers of Agriculture), 27th November, 1911, No. 48; *Agrarpolitische Wochenschrift*, 30th November, 1911, No. 48 (Weekly Political Agricultural Review), *Rheinischer Bauer* (Rhenish Farmer), 15th December, 1911, No. 21).

2. Work of the Federations of the Co-operative Societies.

I. — **Circulation of the Journals of the Co-operative Federations adhering to the National Confederation.** — Almost all the co-operative federations of a certain importance in Germany have their own journals which serve to inform the members on matters of co-operation and to keep them and the societies in constant contact with the Federation, the central bank and the central co-operative societies. The following table shows the numbers of these papers and their subscribers in July, 1911:

| The Journal of the Federation of | since | Published | | Number of Copies | |
|---|-------|-----------|-----------|-----------------------|-----------------|
| | | issue | per month | per federated society | per 100 members |
| Königsberg | 1898 | 5,500 | twice | 15.1 | 9.4 |
| Dantzic | 1900 | 8,760 | twice | 22.0 | 25.5 |
| Berlin | 1905 | 4,300 | once | 7.0 | 12.9 |
| Berlin (Raiffeisen Federation) | 1899 | 12,470 | twice | 21.3 | 45.1 |
| Stettin (Provincial Federation and Dairy Federation) . | 1901 | 9,000 | twice | 13.3 | 16.9 |
| Posen | 1903 | 1,500 | once | 3.4 | 3.7 |
| Posen (Federation of German Co-operative Societies) . | 1901 | 9,900 | twice | 32.0 | 42.6 |
| Breslau | 1900 | 9,000 | once | 10.3 | 14.5 |
| Breslau (Federation of Rural Co-operative Societies) . | 1881 | 10,500 | twice | 14.7 | 23.4 |
| Breslau (Raiffeisen Federation) | 1900 | 10,500 | twice | 17.6 | 21.4 |
| Halle on Saale | 1901 | 4,100 | twice | 3.6 | 5.7 |
| Erfurt | 1898 | 14,180 | twice | 27.1 | 31.5 |
| Munich (Provincial Federation and Dairy Federation) . | 1896 | 6,600 | — | 7.3 | 9.3 |
| Cassel (Raiffeisen Federation) | 1895 | 31,850 | twice | 75.6 | 61.1 |
| Frankfort on Main | 1901 | 3,500 | twice | 16.7 | 15.0 |
| Bonn | 1898 | 2,900 | twice | 6.3 | 6.4 |
| Cologne | 1897 | 6,100 | once | 8.0 | 8.6 |
| Coblentz | 1899 | 14,900 | twice | 33.5 | 25.0 |
| Munich | 1894 | 8,700 | twice | 3.4 | 3.8 |
| Nuremberg | 1899 | 7,600 | twice | 14.3 | 18.5 |
| Landau | 1893 | 10,000 | once | 23.5 | 24.0 |
| Ludwigshafen | 1900 | 12,500 | twice | 44.6 | 36.8 |
| Dresden | 1904 | 6,500 | once | 14.5 | 25.4 |
| Karlsruhe | 1908 | 14,900 | twice | 20.0 | 22.6 |
| Darmstadt | 1907 | 5,100 | once | 7.6 | 7.2 |
| Rostock | 1892 | 2,200 | once | 11.6 | 27.1 |
| Brunswick | 1906 | 7,130 | twice | 36.3 | 72.0 |
| Strassburg (Raiffeisen Feder- ation). | 1901 | 8,000 | twice | 16.5 | 14.5 |

The papers of the organizations affiliated to the National Confederation have therefore a normal issue of 248,190 copies. Every one will understand the importance of such widely circulating papers for the propaganda of co-operative ideas. For this reason the National Confederation rightly insists on the societies making still greater use of these journals.

(Summarised from the *Deutsche landwirtschaftliche Genossenschaftspress* of 5th. December, 1911, no. 23).

*
* *
*

2. — **The Co-operative Week of the National Federation of German Agricultural Co-operative Societies.** — The General Committee of the special committees of the Central Banks, the central co-operative purchase and sale societies, the commissions for the co-operative dairies, for collective purchase of machinery, and for utilisation of cattle, societies which are members of the National Federation of German Agricultural Co-operative Societies, held its meetings at Berlin from the 12th. to the 15th. December, Herr Haas, Privy Councillor in the Chair.

The Special Commission of the Central Banks had to deal, amongst other things, with the legal organization of the postal cheque service, the extension of the cheque service, with the results obtained by the grant of exceptional credits, and the intermediary rôle of the deposit and consignment banks in connection with the land credit institutes. The special commission of the central co-operative purchase and sale societies occupied itself with the chemical examination to which the potassium salts supplied by the manufacturers must be subjected, to the conditions of sale of nitrate of potash, of the superphosphates, of basic slag and nitrate of ammonia. The Commission for the co-operative dairies specially concerned itself with the manner of balancing the production of milk in various districts and the organization of the sale of fresh milk. Finally, the commission for the collective purchase of machinery and for the utilisation of cattle occupied itself with the incentive to be given to the collective purchase of machinery, and the organization and results of the central commercial bureaux for the utilisation of cattle.

The General Commission voted a considerable sum for the expenses of the 3rd. International Congress of agricultural co-operative societies at Baden and undertook to concern itself specially carefully with the extension of agricultural co-operation.

3. Miscellaneous Information.

Livestock Improvement Societies in Germany, in 1910. — According to the statistics published by the German Farmers' Society, in 1910, 474 new livestock improvement societies adhered to it. On the 1st. January, 1911, 230 horse, 1,582 horned cattle, 8 sheep, 175 pig and 681 goat improvement societies had become members of it. When these are considered with reference to the various States we see that Prussia had most (1,115). Next come Bavaria (817), Hesse (176), and Baden (111). Among the Provinces of Prussia, Hanover comes first in this connection (239). Then come Schleswig-Holstein (192), Hesse-Nassau (183), Saxony (168) and the Rhine Province (146).

The greatest increase has been among the horned cattle improvement societies (121) and with them, in the goat improvement societies (197). The number of horse improvement societies has only increased by 12 and the sheep societies only by 5. There are only 39 new pig improvement societies. The increase in the number of animals registered was 7,285 horses, 38,774 horned cattle, 3,482 sheep, 3,427 pigs and 16,331 goats. Altogether, the registered societies had on January 1st., 1911, 63,634 horses, 398,051 horned cattle, 5,573 sheep, 18,277 pigs and 47,553 goats. The largest number of horses, 9,270, were registered in East Prussia; of horned cattle, 54,729, in Schleswig-Holstein; of sheep, 4,153, in Brandenburg; of pigs and goats, 6,585 and 17,245 respectively in Hanover.

As to the races of animals registered in the *pedigrees* (*Zuchtbücher*) of the society, it is remarked that in the case of sheep, the races of the plain predominate more and more; there were altogether 140,209 sheep of races inhabiting high altitudes against 257,506 of races of the plain. The horses registered in the *stud books* were divided as follows: 1,618 stallions and 43,443 mares for riding and draught (*deutsche Edelfucht*), 687 stallions and 17,891 mares were plough horses. Among the sheep, 1 ram and 20 ewes were of Hampshire race, and 210 rams and 5,342 ewes of native German breed. Of the pigs, 436 boars and 1,848 sows were of an improved stock (*deutsche Edelschweine*), 75 boars and 324 sows were of unimproved native stock, 2,593 boars and 12,650 sows of improved native breeds. The goats consisted of 28,939 white she-goats and 1,625 white he-goats, 485 coloured she-goats and 504 coloured he-goats.

(Summarised from *Mitteilungen des deutschen Landwirtschaftsgesellschaft*. Bulletin of the German Farmers' Society. 9th December, 1911, No. 50).

CO-OPERATION AND ASSOCIATION

AUSTRIA.

CURRENT QUESTIONS.

New Legislation on Co-operative Societies in Austria.

SECOND PART.

Bill for the Foundation of a General Credit Institution for the Co-operative Societies.

Gesetz vom betreffend die Errichtung einer Allgemeinen Kreditanstalt für Erwerbs- und Wirtschaftsgenossenschaften in dem Reichsrath vertretenen Königreichen und Ländern. — Regierungsvorlage - 827 der Beilagen zu den stenogr. Protokollen des Abgeordnetenhauses. XXI Session 1911 (*Law of on the Foundation of a General Credit Institute for Co-operative Societies in the Kingdoms and Countries represented in the Reichsrath. - Government Bill-Schedule No 827 to the Short Hand Reports of the Chamber of Deputies. XXIst. Session, 1911.*

§ 1. Introduction.

Up to the present the action of the State in favour of the Co-operative Movement has been one of indirect intervention, since it has limited itself to the encouragement of the development of co-operation by means of legislative provisions permitting the independent organization of associated forces on a firm basis, or by placing on the Estimates considerable sums as subventions, as the need occurred.

The work of the Provincial Administrations has been more active and in several provinces they have had a decided influence (1).

(1) See *Bulletin of Social and Economic Intelligence*, Year I, No. 1. pp. 114 et seqq.

The attitude, somewhat of reserve, assumed by the State in abstaining from direct intervention was due to two reasons. On the one hand, public opinion was still under the influence of the liberal economic doctrines and considered any intervention of the State in economic life as injurious, on the other hand, the co-operative societies themselves, for a series of years, not only did not take advantage of the financial assistance placed at their disposal by the State, but even absolutely rejected it.

In course of time, however, things changed. Until the credit co-operative societies of Raiffeisen system assumed their magnificent development in the last decade, it was the organizations of Schulze-Delitzsch system that played the most conspicuous part in the co-operative movement. It is precisely these that still remain hostile to State Intervention, maintaining that the fundamental principle in co-operation must be that of *self-help*.

The two groups of organizations followed different lines. The large majority of those of Schulze-Delitzsch system, passing the limits of their sphere of local action, became real banks for the richer classes, and developed a tendency to speculation. On the other hand, the Raiffeisen organizations applied the co-operative system in its true spirit, according to the intention of the founders, uniting in associations the poorer elements of the population so as to make them participators in the benefits of the organization (credit, collective purchase of requisites, etc.) We know what rich results have been given by the co-operative organizations of Raiffeisen type, which include farmers almost exclusively. Now while the Schulze-Delitzsch organizations reject all extraneous assistance and intervention, the others instead have repeatedly appealed to Government for financial support. In fact, experience has shown that these associations, in view of the small economic and capitalistic resources of their members, cannot by themselves, without recourse to outside assistance, satisfy the requirements of the great mass of the population, who are less well off as regards economic organization.

The Government, considering that the interests of that class of the population that most deserves assistance are here at stake, and that the Raiffeisen organizations have, from the point of view of national economy, an importance far greater than the Schulze-Delitzsch, has thought it advisable to change its attitude towards co-operation, initiating an important direct action in its favour.

§ 2. Provisions Proposed and their Object.

The fundamental basis for every form of co-operation is co-operative credit, assuming a concrete form in the work of the local co-operative credit society. This is principally an association of persons who have

need of recourse to credit (*Kreditnehmer*). And so evidently the local co-operative credit society must seek to encourage not only depositors but lenders: its object is to obtain credit for its members as cheaply as possible. The credit the local societies accord is not only cheap but answers the requirements of healthy economy, in so far as it serves solely for productive purposes, is granted in fair measure and its employment is subjected to a rigorous control, etc.

The local co-operative credit societies, which are almost all of Raiffeisen type, as far as they exclude any speculative aim and render credit accessible not only to persons of small means, but to all who merit it by their personal good character, have become institutions of public utility. Let it be added that their work consists, not only in granting credit to members but also in facilitating for them the purchase of first requisites and the sale of their produce; hence through the medium of the local banks the individual producer is brought into contact with the large markets, and may realise higher prices, without being constrained to sell to middlemen, who profit at his expense.

The tendency of the local co-operative societies to help the isolated individual to attain a higher degree of economic power through the union of scattered forces in one single organism has led to a further development of co-operative organization, that is, to the institution of superior organisms grouping around themselves the various co-operative societies existing in one district. These are the Provincial Federations, acting as Central Banks (1).

Up to the present these have developed independently, without succeeding in organizing themselves in their turn so as to produce a powerful credit institute to serve them as Central Bank and possess financial resources not inferior to those of the large banks and other non-co-operative credit institutes.

The last stage in the organization of co-operative credit has not therefore yet been reached.

*
* *

What we have said is essentially true for the co-operative organization of the farmers. The productive but poor town population, (artisans, small "industrials," etc.) has remained, on the contrary, far behindhand, as far as concerns co-operative organization.

While the artisans, small contractors, small dealers, etc., in the villages, easily find the means for satisfying their need of credit by recourse to the

(1) See preceding note.

Raiffeisen Bank, in the town, on the contrary, they are at the mercy of individual credit and usury.

The want of organization of easily accessible and cheap credit for this town population makes the artisan, the small contractor, etc., dependent on the suppliers of raw material or on customers, and such a state of things is as injurious as possible for the producer, as he has to buy raw material on credit at a high price, or have recourse to the usurers, and sell cheap and sometimes at a loss, in order to meet his engagements.

Seeing the economic advantages the farmers derive from co-operation the Government considers it its duty to promote a similar organization among the city producers. The assistance of the State, is here indispensable, since small producers could not, by their own unaided efforts, organize themselves, on account of mutual competition, the absence of the sentiment of solidarity, differences of class and profession and the insufficient means at their disposal.

The Government therefore in establishing a programme of direct action in behalf of co-operation sets out from these principles:

1. The State action must be directed towards the encouragement of co-operation both among the rural and among the urban population of small producers. While in the case of agricultural co-operation the already existing and well advanced organization must be improved and perfected, for the urban population the first basis of its organization, which has not yet been started, must be laid.

2. The experience of 25 years in the field of agricultural co-operation and the results obtained lead to the belief that State action will give the best results if directed to the special encouragement and promotion of such organizations as are based upon principles already applied with success, that is to say such as follow the beaten track of agricultural co-operation.

*
* * *

Now we are met by this question: what concrete form should State intervention take?

The Government had two ways open to it, represented by two different tendencies: (a) to form a solid financial basis for the separate provincial organizations, without developing a comprehensive centralised action; (b) to found a powerful central credit institute, representing the last degree of co-operative development, and providing it with large financial resources, in order that, besides discharging its inherent functions as a credit institute, it should serve to promote and direct the whole co-operative movement.

The Government has followed this second course, considering that the funds granted by the State will be of very much more utility for the whole co-operative movement, when administered and invested by a central institute carrying out a far-sighted programme on uniform principles; while the same object would not be even remotely realised if the capital, large in itself, were split up.

Further, those organizations will chiefly profit that are most developed and that therefore have comparatively least need of State aid.

The end to be reached must consist, on the contrary, in the greatest possible concentration of individual forces, together with unity of aim and object. Therefore, the already existing provincial agricultural co-operative organizations must not develop their action as isolated bodies; a central institute must be founded to establish relations between them (1), and besides to promote the organization of the small urban producers.

The most important result, economically, of the concentration of all the co-operative forces in a single organism would be the elimination of the present inconveniences due to the want of contact between the co-operative organizations and the money market. The proposed general credit institute would render the credit of the State Bank accessible to these, while under existing circumstances only industry and trade can profit by it, and so co-operation would find itself also associated in the organization of large credit. In this way the basis would be laid for its further prosperous development.

This initiative of the State, then, is to be considered above all as a measure aiming at the completion of the co-operative organization of credit, and fixing the last step in the process. This last step is represented by a credit institute, founded for the purpose and endowed with large funds. To bring the co-operative organization into contact with the money market, an intermediate institution is necessary possessing all the requisites the market demands. And therefore the proposed credit institute must have a financial basis of the first rank and for the purpose the State will endow it with an initial capital of 6 million crowns.

§ 3. *Sphere of Action and Functions of the General Credit Institute for Co-operative Societies.*

The General Credit Institute for Co-operative Societies is to be erected as an independent body under the form of a limited liability co-operative society with the participation of the provincial organizations

(1) Agricultural co-operation, indeed, possesses such a central institute: *The Central Federation of the Austrian Agricultural Co-operative Societies*; but it is a federation in the form of an association and cannot exert any direct economic action.

of co-operative societies (Central Banks) and other institutions for personal credit, having a co-operative character or one of public utility.

By institutions of public utility are understood those that, while not organized in co-operative form, yet are inspired by co-operative ideas and display an activity similar to that of the co-operative credit societies: they seek to facilitate credit for the class of producers most in want of capital and they have no speculative aims, etc. Such are the "Agricultural District Loan Banks" (*landwirtschaftliche Bezirksvorschusskassen*) in Bohemia, the "Monti frumentari" (*Kontributions-Vorschusskassen* and *Kontributionsgeldfonds*) in Moravia and Silesia, the Communal Loan Banks in Galicia, the Francis Joseph Jubilee Foundation (*Kaiser Franz Joseph-Jubiläumsstiftung*) for subventions to small employers of labour in Vienna, and two similar institutions at Prague.

Another class of non-co-operative credit organizations to which the General Credit Institute is called to extend its action is formed of a few societies limited by shares in which the co-operative character in fact predominates, in spite of their special legal form. Let us mention the Credit Institute for Industry at Vienna (*Wiener Gewerbliches Kreditinstitut*) and the Credit Bank of Brünn (*Brünner Kreditbank*); the work of both resembles that of the co-operative credit societies.

Last come the Savings Banks in so far as they further personal credit. Several of them have founded special institutions (*Vorschusskassen, Kreditvereine*) to facilitate personal credit for the more needy, devoting to the purpose a considerable part of their surplus cash. It is therefore right that the General Credit Institute should include also these institutions in its sphere of action. This will be of great advantage to both parties in their mutual relations, since, if a portion of the Savings Banks' deposits are invested with the Institute, this latter will have more funds disposable for personal credit, while the Banks in their turn will have an absolutely safe investment for their money, while they know they can at any moment obtain repayment of their deposits, in view of the financial strength of the Institute.

The bill reserves it to the executive regulations to make more detailed provision for the relations between the Central Establishment and the associations not of co-operative form.

With regard to co-operative organizations it is established (§ 3, paragraph 1.): "To the Institute may be affiliated the federations of co-operative societies formed in accordance with the law of April 9th., 1873, and subject to inspection in terms of the law of June 10th., 1903." The Institute may therefore enter into relations only with the federations and not with the individual co-operative societies. The reason for such limitation is simple: too extended relations would excessively complicate the work of the business and, on the other hand, the Institute would

be powerless to estimate the solidity and the economic situation of each individual co-operative society applying to it for credit. Hence a connecting link is wanted between the Central Institution and the societies of the first degree.

*
*
*

How will the action of the General Credit Institute be exerted in behalf of the co-operative societies?

In two ways: (a) as the supreme co-operative organization, uniting all those of the second degree, it will have the general control and chief direction of the whole co-operative movement. The normal working of the affiliated associations being for it a matter of prime importance, since these latter apply to it when in need of credit, it will carefully see to it that they conduct their business with circumspection, and, for the purpose, will organize a rigorous system of control inspired by commercial and banking requirements: (b) together with this duty of promoting co-operative action and directing it into the right channels, the Institute will discharge its inherent functions as Institute of credit; that is, it will be the largest organization of co-operative credit, and by its financial strength and prestige will compete with the most powerful financial bodies of the Empire.

The operations of the Institute of credit will be:

(1) to grant loans and credit in other ways to its affiliated organizations.

(2) to grant loans and credit in other ways to federations or co-operative societies not affiliated to it, when it has available means and after satisfying all the requirements of the affiliated organizations, on conditions to be arranged on each occasion, which shall not be so favourable as in the preceding case.

The law has not thought fit to hinder the unaffiliated federations from entering into relations with the Institute: some of them enjoy an excellent financial position and can, in every case, have recourse to the credit of the State Bank; now, such have no reason, from a commercial point of view, for taking immediate part in the Institute as responsible members. Other federations might abstain from affiliating themselves for political or national reasons. To hinder non-affiliated federations from having any business dealings with the Institute would be a mistake, as mutual relations can only be an advantage to both parties. Of course, the non-affiliated federations will not enjoy equal treatment with the affiliated as results from the restrictions indicated above.

The banking operations the Institute is authorized to perform for all persons are fixed precisely as follows: (a) acceptance of deposits in

current account on presentation of bank books and bonds ; (b) discount and negotiation of bills of exchange, *warrants* and *coupons* ; (c) accepting loans on security ; (d) according loans on security ; (e) acceptance of bills ; (f) purchase and sale of securities and bills ; (g) administration and custody of documents of title.

These operations serve the Institute as means for attaining its ends, that is for obtaining and investing money at need so as to meet the demands for credit of the organizations and to invest its eventual surplus capital.

But the principal operation the Institute is authorized to conduct is the issue of bonds by which it becomes possible for it to come into direct contact with the money market and to obtain large amounts of money at small cost.

The documents the Institute will issue (*Genossenschaftsschuldverschreibungen*) will be on the model of the bonds of the Central Co-operative Credit Society (*Landes-Zentralkredit-Genossenschaft*) of Hungary. The legal character of the security is similar to that of the *lettre-de-gage* : the provisions in force in this connection are those of the law of December 27th., 1905.

The Institute may issue bonds on the security of its credits against a federation of co-operative societies affiliated to it, or on that of credits ceded to it by such federations and guaranteed by them. The details of these operations will be fixed by the Rules of the Institute

*
* *

Applying the principles above set forth in relation to the control attributed to the Institute, the law grants it power to examine the accounts, documents, etc., of the organizations affiliated to it or in business relations with it and of their respective organizations of the first degree.

The control exercised by the Institute is altogether independent of the law of June 10th. 1903 which is not limited in any way. Yet the Institution is not subjected to inspection, like the other co-operative organizations, but to State supervision, as we shall see.

To provide the Institute with means for exerting a direct action in favour of co-operative organization, the bill provides that it may give instructions to the Federations and to the other institutions, with which it is in relation and may order that their rules and those of the co-operative societies of the first degree answer certain requirements.

It is evident that, such provisions, put into practice will open to the Institute a rich field of action for further development of co-operative organization.

§ 4. *International Organization of the General Credit Institute
for Co-operative Societies.*

The executive authorities of the Institute are the General Meeting, the Junta or General Committee, chosen from among its members, the Board of Management composed of a Manager, and four deputy managers, and the Council of Supervision.

The functions of the General Committee are :

- (1) to appoint two members of the Board of Management.
- (2) to deliberate on fundamental points relating to the business of the Institute (passing of accounts, distribution of profits, instructions to the Board of Management, etc.).

The Board of Management is composed of a manager appointed by the Emperor on the proposal of the Minister of Finance, two deputy managers appointed by the Ministers, and two others appointed by the General Committee. The Board of Management has ample powers, since on its action the success of the Institute will largely depend.

The Board of Supervision is composed of six members appointed some by the Ministers concerned, and some by the General Meeting. On these two boards are incumbent the obligations imposed by law of April 9th., 1873.

The State places at the disposal of the Institute, as we have said, the amount of 6 million crowns, which, together with the rest of the assets, guarantees the obligations assumed by the Institute towards outsiders. The State grants it an annual subvention of 100,000 crowns for the first five working years to meet the expenses of management and of working which may remain to be paid. If there is no occasion to use this subsidy it will be placed to the reserve fund.

The net annual profits shall be divided as follows :

- (1) half goes to the reserve fund, to which the affiliated organization have no right. When the reserve fund has reached 6 millions, the portion of the net profits to be paid into it shall be reduced to $\frac{1}{4}$ th.

The rest of the profits are set apart :

- (2) to pay 2 % interest on the funds advanced by the State.
 - (3) to pay interest on shares (*quotes parts*) up to 2 % :
- If there still remain available profits, with these
- (4) a further maximum interest of 2 % shall be paid on the State funds and on the shares. The rest goes to the reserve fund. •

*
* * *

The General Credit Institute for Co-operative Societies is placed under State supervision in accordance with the provisions in force for the societies limited by shares, and credit institutes. In addition, the State may intervene to prevent action at variance with the law or the rules, as also any act conflicting with the general economic interest of the country.

The bill leaves all details to be provided for in the rules of the Institute, which must be previously approved by the Minister of Finance the Ministers of the Interior, Agriculture and Public Works.

We must observe that the bill here treated is independent of that for the reform of the *General Law on Co-operative Societies* (See this *Bulletin*, January, 1912), so that even if the proposed reform of the general law is not approved, the Institute may all the same be founded.

CO-OPERATION AND ASSOCIATION

UNITED STATES.

CURRENT QUESTIONS.

Farmwomen's Clubs in the United States.

Sources :

(a) *Official Publications :*

- Report of the Country Life Commission. Senate. Documents. 705.
Supply and Wages of Farm Labor. Extract from the Yearbook of the Department of Agriculture. Washington, 1911.
Report of the Secretary of Agriculture. Years 1910-1911. Washington Government Printing Office.
Proceedings of the Fifteenth Annual Meeting of the American Association of Farmer's Institute Workers. U. S. Department of Agriculture, Bull. 238. Washington Government Printing Office, 174.
Country Schools of Agriculture and Domestic Economy in Wisconsin. U. S. Department of Agriculture. Bull. 242. Washington Gov. Printing Office. 1911.
Farmers' Institutes for Women by John Hamilton, Farmers' Institute Specialist. U. S. Department of Agriculture. Washington, 1909.

(b) *Other Publications :*

- PLUNKETT, H. : The Rural Life Problem of the United States. Mc. Millan Company, New York, 1910.
KENYON L. BUTTERFIELD : Chapters in Rural Progress. The University of Chicago Press. Chicago, 1909.
F. DE VUYST. Le Rôle social de la fermière (*Farmwomen's Social Rôle*) Brussels. Albert Devit, Ed. 1911.
LOUISE MARION BOSWORTH. The Living Wage of Women Workers. Supplement to the Annals of the American Academy of Political Science. Philadelphia 1911.
Premier Congrès International des Associations Agricoles et de Démographie Rurale (*First International Congress of Agricultural Associations and Rural Demography*) Brussels. 18th.-22nd. Sept., 1910. Brussels, Goëmaëre Ed. 1910.

§ I. *Women and the Exodus from the Country
in the United States.*

Up to not many years ago but little had been done in the United States for women of the agricultural class. The humble and modest existence of the women farmers and labourers, passed in the solitude of the fields and beneath the shadow of the domestic roof, had only aroused the attention of a few ; while on the other hand greater interest was taken in problems of economic, social and moral order concerning women in towns or engaged in industrial and commercial work.

But the increase in the exodus from the country, alarmingly intensified in the course of a few years, brought it about that a lively interest began to be taken in everything relating to the agricultural population and that facts and problems almost unknown or at least overlooked were brought to light.

It was then seen that to the migratory movement towards the cities (it is calculated that now about 60 million persons in the United States live in cities as against 31,000,000 inhabiting the country, while up to only a few years ago the latter formed the nucleus of the population) the female element contributed a very large contingent.

The number of women engaged in field labour in the United States is continually decreasing. While the agricultural women wage-earners were in 1880 354,900, in 1890 they were 447,104 and in 1900 663,209, which, when the increase of the population is considered, shows a comparative decrease. On the other hand, a continual increase is observed in the number of women taking employment in the towns ; thus, while in 1880 women workers formed 13.5 % of the persons engaged in town professions, 3.2 % of those employed in trade and transport business, and 15.4 % of those engaged in manufactures, the corresponding figures for 1900 were 16.6, 10.1, and 16.9 respectively. We do not yet know the final results of the census of 1910, but it is certain that the movement has been still more intense in the last decade.

To causes of general character, common to almost all countries where there has been an important exodus from the country also of women, in the United States others must be added, due to special conditions of education and environment. Since there the women of the agricultural class are less bound than in Europe to the soil by long and persistent traditions, by attachment to the home and the fields in which often their fathers' fathers have worked, and the conservative spirit animating the European agricultural classes.

While thus, on the one hand, they are less attached to the soil, the opportunities afforded the American women for leaving the country, are

more frequent. It may be said that there is scarcely a branch of human activity in the United States from which women are excluded: in fact, we find them exercising the most various and difficult professions: working in trades, as clerks, lawyers, doctors, managers of large businesses on their own account or for that of others, as hotel clerks, shopkeepers, etc., etc. They are rendered capable for such work by an education intended to make woman a strong and independent being, sufficient for herself, and able equally with man to win the battles of life. With this large field of possibilities open to women, those offered by agriculture, where the average ordinary wage also is lower, must always seem inferior.

We may further remark the tendency of the town women also to abandon ordinary domestic occupations: in fact, while in 1870 there were 1,836,288 women engaged in work outside their homes, in 1900 the number was 5,319,937; and the same is also proved by the absolute and relative increase of hotels and lodgings and the number of persons and families living in them. This desertion of domestic occupations is largely due to the various industries that before made part of the work of the house, which formerly alone sufficed for the production of almost all articles of first necessity, being now absorbed by the great factories. The centralising tendency of our epoch has caused many of these duties to be undertaken by large industrial concerns; this displacement of labour, as a necessary consequence, has brought about a displacement of workers.

To these various classes of causes for the emigration of women from the country must be added a psychological reason largely peculiar to the United States farmers, who are often in the position of pioneers or emigrants, strangers to the land they cultivate and to one another. Again, the great distances, due to extensive cultivation and comparative rarity of large centres contribute to increase the isolation and to render social intercourse more difficult.

Now it is certain that in all this the heaviest burden is borne by the women. The very character of the farm women's occupations condemns them to isolation within the domestic walls; rendered more appreciable by the monotony of the occupations themselves. "The routine work of woman on the farm," it is said in the *Report of the Country Life Commission*, "is to prepare three meals a day. The regularity of duty recurs, regardless of season, weather, planting, harvesting, social demands or any other factor. It follows, therefore, that whatever general hardship, such as poverty, isolation, lack of labour saving devices, may exist on any given farm, the burden of these hardships falls more heavily on the farmer's wife than on the farmer himself. In general, her life is more monotonous and isolated."

Such conditions produce a sense of discomfort, melancholy, *tædium*

vita, in the farm women of the United States, sometimes occasioning nervous maladies, sometimes serious mental derangement (1).

Many women on the farms must also for this reason feel a longing for the more varied life of the large cities, richer in interest.

For these reasons, we must not be surprised if the exodus of the female element from the country has assumed such large proportions. But we must also consider the alarm it has created in the United States to be justified. Since in the special conditions of the United States the presence of the woman on the farm is of the greatest importance as she serves as the centre of the family to constitute the first social nucleus and thence the first and strongest bond attaching the farmer to the soil.

Nor is the evil limited to the country, since the displacement of population has produced a plethora in the cities, and overcrowded the urban professions with women; hence the discomfort of the new arrivals and an increase in the number of those unsuited to their positions and disappointed. Many women who have abandoned the country were led to this by an inaccurate idea both of what they were leaving and of what was before them. For the discomfort of women's life on farms, two kinds of remedies have been suggested, one educative (rural education in a technical, moral and economic sense), the other social. To the realisation of these have largely contributed the action of the State and of the various authorities and the very important work of the large and small agricultural associations, covering, as it were with a close net, the territory of the United States and extending their beneficent effects in every direction.

§ 2. *Rural Female Education.*

In the United States the work that has been done in behalf of the farm women has been accomplished above all in the field of rural education which we shall rapidly deal with.

It begins in the rural elementary schools. Up to a few years ago these were almost identical with those in the cities. But gradually a difference has been made, and now the girls in rural communes learn at school the first principles of agriculture and domestic economy, that may render them one day good housekeepers and wives and mothers of future farmers.

These first notions are then extended either in successive courses endowing the farmwoman with a supply of practical knowledge of agricul-

(1) In an article published in a United States farm newspaper it is calculated that three fourths of the women in the lunatic asylums come from the rural population.

ture and domestic economy, or by scientific instruction imparted in the higher schools, colleges and universities. Of all these institutions some are intended exclusively for young women, while others are for both sexes. An example is furnished by the *Wisconsin County Schools of Agriculture and Domestic Economy*. These schools serve, as their very name indicates, for instruction in agriculture and domestic economy. They are open to young persons of both sexes, but are especially largely frequented by the female element; in fact in the period 1902-1911 altogether there registered in these schools 985 young men and 989 young women; of these were 193 and 182 respectively left the school with the final diploma.

The work done by the various agricultural colleges in this field is also very useful. In many of them subjects are taught of special interest for women; but, in addition, there are also special institutions, as, for example, in Massachusetts the *Smith College*, Northampton, for instruction of young women in horticulture, and the *Lawthorne School of Landscape Architecture, Gardening and Horticulture for Women* at Goston; in Texas the *College of Industrial Arts* at Denton with a special 4 years' course of instruction in horticulture, gardening, dairying, poultry keeping, etc. Besides, in connection with the *Missouri State College of Agriculture*, there has been opened a four years' agricultural course, at the end of which a diploma in agricultural science may be obtained. In a similar course, especially for women, instruction is not only given in domestic economy, but also in those branches of farm work that most concern women. Other similar institutions exist in other States. Agricultural instruction is given to women also in the *Secondary Schools*, and the *Short and Special Courses* (that is abridged courses with the object of preparing those who wish to pass on to higher studies and to give practical instruction to those who have not time or means to devote themselves to it).

Notable in this field is also the work of the universities: they have opened their doors to female education not only taking into special consideration subjects that concern women, but also giving them a large part in the *University Extension Work*. (The Extension Work, as its name indicates, is the work accomplished by the universities or even by agricultural colleges, in bringing education to people outside of their own group of students).

A very intense activity has been in this way displayed in behalf of women by means of special courses on the rural house, the hygiene of farms, the education of children, etc. For this purpose special *Farmers' Institutes*, and reading courses for farmers and their wives, have been promoted, experimental farms have been started, pamphlets for propaganda and instruction circulated.

§ 3. *Women's Institutes.*

We have already spoken, and shall again speak, of the importance the *Institutes* have had for American farmers for many years. In the crowded meetings of the *Institutes* the female sex was largely represented and took part in the labours with keen interest. Yet at first but seldom and incidentally were matters treated that particularly concerned women: not until more recently was all the importance of the problems in connection with farmwomen understood and the founding of special *Women's Institutes* contemplated. And this, before all things, for the division of labour: woman on the farms having special duties to perform, it was natural that these special subjects should be studied separately.

But there was an additional reason in favour of separate *Institutes*. A very important part of their work consists in the numerous discussions among those present and the interchange of information on the subject proposed for study. This interchange of ideas among various farmers, this communication of personal experience, this mutual aid in the solution of difficulties is the most fruitful of results, because in this way collaboration among all the elements at work in the country is arrived at. Now, it is well known, that woman do not readily speak in mixed meetings. This is due to the natural shyness of woman increased by the greater timidity generated in farmwomen by a life of isolation and rare social contact. Such shyness may, however, be overcome or at least diminished on the woman finding herself among persons of her own sex and rank; even the farmwoman thus accustoms herself to discuss the questions that interest her most.

Such reasons determined the foundation of special *Farmwomen's Institutes*; first of all in Minnesota and Wisconsin where contemporaneously with the principal meetings of the *Farmers' Institutes*, they began to hold special household knowledge meetings: Michigan followed the example and then gradually almost all the States of the Union.

(a) *Objects of the Women's Institutes.*

The first general object of the women's institutes is acquaintance with the various problems of farm life.

Woman is considered in her various activities, above all as a member of the agricultural community; in reference to her as such all questions concerning her are studied; as the mother, and hence the task of educating; as housewife, hence problems of domestic economy, food values, the means for making the house comfortable and agreeable, lastly as direct fellow worker with man in the field labour, all technical knowledge serving for the advance of agriculture and especially of those branches

that in the division of labour may be most successfully assigned to women, for example, poultry keeping, horticulture, gardening, etc.

(b) *Forms of Organization.*

The form of organization of the *Women Farmer's Institutes* varies from State to State. Even the body from which they start varies: very often they are promoted and supported by special associations.

In most cases they are formed on the model of the men's and indeed form part of these.

Let us take as an example the organization of the *Women's Institutes* in the State of Illinois. There they were organized in 1898 and correspond in their general lines with the men's and are coordinated with them; the general direction for the women's part is in the hands of women, but the business administration is carried on by the *Men's Institutes* which undertake it voluntarily without any obligation.

The *Demonstration Work* is performed by local associations in the various counties, under a central body, the "*Illinois State Association of Domestic Science.*" Every local association is represented in the central society by two delegates. The object of the local associations is especially to supervise the improvement of the domestic régime in the country by an attentive study of the following subjects: (1) preparation of better and more hygienic food; (2) domestic hygiene, especially from the point of view of the prevention of diseases, (3) the arrangement of the house so as at once to afford the greatest comfort and at the same time the greatest æsthetic attractions, (4) the arrangement of the kitchen and its furniture, (5) the study of the principles of a good practical system of domestic science, (6) the instruction of the young in this science.

Every association is managed by a presidential committee composed of the president, vice-president, secretary and cashier. The committee members are elected annually by a majority of votes: except for two members that may be associated with the president.

It is for the committee to prepare the programmes of the meetings.

Any woman over fourteen years of age may be a member of the association; she must accept all the provisions in the rules and pay a contribution of 25 cents at the date of her admission; besides eventual supplementary contributions when required to meet the expenses.

The meetings are divided into ordinary (established by the rules) and extraordinary (convoked by the president).

Members absenting themselves from a meeting without sufficient excuse will be subject to a fine of 5 cents. To avoid abuses, it is laid down that not more than four kinds of refreshments may be supplied." The central association, the *Illinois State Association of Domestic Science*, is composed, as we have said, of the delegates of the associations of domestic science, whether dependent or not on the *Farmers' Institutes* of the different countries.

The president, the vice-president and the secretary are elected at the annual meeting of the association; with these are associated vice-presidents elected by the representatives of the districts in the manner fixed by the regional *institutes*. The office of these vice-presidents is to arrange the formation of local societies and to organize meetings in connection with the *Farmers' Institute* meetings.

The central association holds its annual meeting at the same time as the "*Illinois Farmers' Institute*."

Such is the system of the *Women's Institutes* for Illinois, the principal characteristic of which is that the *Farmers' Institute* charges itself with their business administration, without being obliged thereto by the law. The work of the two divisions, men's and women's, is intimately connected: the meetings are held at the same time, though in separate halls.

The *Women's Institutes* are, however, immediately managed and supervised by the farmwomen, and are independent of the men's.

This special system of Illinois presents considerable differences from those of the other states. Generally, in these although the *Women's Institutes* are separate as far as subject matter and work is concerned, the general supervision is maintained by a single body, the *Farmers' Institutes* department, which supervises the *Institutes* of both sexes generally.

By this system the *Women's Institutes* are included in the general organization of the State institutes.

In Indiana, on the other hand, the auxiliary bodies are kept separate and distinct from the *Institute* organized in the individual counties, have separate programmes and, in order to obtain subsidies from the *Institute* funds, must communicate to the president of the *Institute* the names of the members attending the meetings and pay annual contributions of 15 cents. They must further render account of their expenditure during the year. On accepting these conditions the auxiliary associations become legally members of the county *Institute* and their proceedings are assimilated to those of the *Institute*. In this way they retain their autonomy, though their administration becomes dependent on the general administration of the county institution.

We shall here refer to the report presented by John Hamilton, *Farmers' Institutes* specialist, at the first Congress of Agricultural Associations and Rural Demography, held in Brussels, on the 18th.-22nd. September, 1910, which, though relating to the years 1908-1909, serves to give an idea of the organization and mode of working of these associations in the various states of the republic. (1)

(1) 1er Congrès International des Associations agricoles et de Démographie Rurale (Bruxelles, 18-22 Sept. 1910) Goëmaëre, Imp. du Roi, Editeur. (1st. International Congress of Agricultural Associations and Rural Demography (Brussels, 18th.-22nd. Sept., 1910) Goëmaëre, Royal Printing Office, Publisher).

Colorado. — In Colorado, in 1905, three short courses for farmwomen were held: they lasted five days and there was an attendance of 1,034. In 1909 there were 8 such courses with 1,210 auditors. The lessons were given by three professors of domestic science. In Colorado before a course can be held, at least 100 signatures accompanied by the payment of a dollar, must be obtained.

Idaho. — In Idaho, in 1908, there were three *Women Farmers' Institutes*, each having from 50 to 120 members. In the course of the year there were seven sessions attended by 460 persons: the number, however, is tending to increase greatly, and there are continual demands for additional teachers of agricultural subjects.

Illinois. — As we have seen, the *Women's Institutes* in Illinois are very important and have been working there for many years. In 120 counties, 79 had farmwomen's *Institutes*: united with the county associations are other auxiliary associations (rural schoolmistresses', mothers' associations, etc.) in considerable numbers. In 1907 the expenses of these *Institutes* already amounted to 1,070 dollars paid by the *Farmers' Institute*. The State maintains at its expense a domestic science school attended by many pupils: there are also courses of this subject in connection with the State University.

Indiana. — In about one third of the counties auxiliary women's organizations are associated with the *Farmers' Institutes*. On the 30th June, 1908, there were 67 *Women's Institutes* distributed over 32 counties and connected with the *Farmers' Institutes*, but under the direction of women. The course was delivered by a professor of domestic science. The State Law authorizes the associations recognised under the name of "*Women's Auxiliary Organization for County Institute Work*" to exact annual contributions of 15 cents from their members.

When the report of the president of the auxiliary organization has been approved by the presidential committee of the county organization, the auxiliary organization is considered as forming part of that of the county.

Iowa. — In this State there are not separate organizations for men's and women's institutes. In the year 1908-1909 the domestic science work had been extended to 40 *Farmers' Institutes*, in which lectures were given on the domestic régime and competitions were held in the preparation of food and in baking. In some *Farmers' Institutes* there were special women's sections, but generally these were united with the others for business in common.

Maryland. — There were special women's sessions in connection with itinerant agricultural schools and lessons were given in them on poultry keeping, cheese making and domestic hygiene.

Michigan. — In some of the sixty counties special farmwomen's sessions were held. The instruction was imparted by 10 professors, ranking equally with those of the *Farmers' Institutes*.

Minnesota. — The work done in this State consisted of two cookery courses, each of two days, held on the days of the *Farmers' Institute* meetings. In five localities in one county it was determined to hold cycles of weekly meetings; every Monday a meeting was held in one place, on Tuesday in another, and so on. The turns recommenced with the Monday of the following week. These meetings were devoted to domestic science; each of them was attended by about 200 women. Two courses of domestic science, each consisting of eight lectures, were likewise held in the city of Colle and in that of Cannon Falls.

The meetings were held in the higher school building and many of the higher school pupils attended. This system has been very favourably received, so that the need has been felt of increasing the number of courses.

Missouri. — The *Women's Institutes* were first separated in the State of Missouri in 1908. In that year there were four meetings attended by a large public. Other meetings were also held contemporaneously with the "*Annual Home Makers' Conference*" Meeting.

Montana. — In 1908 a smaller number of meetings were held than usual on account of internal State events.

Nebraska. — Forty counties have organized auxiliary women's societies.

Three lecturers were engaged for the season. Subjects were selected in connection with domestic régime, cookery, lighting, and women's work. Further a week's course of instruction was held at Pavone; where lessons were given on the nutritive value of foods, cookery, etc., accompanied by practical demonstrations.

New York. — In 1908, beginning with the 30th. June, 26 *Women's Institutes* were held. In 1909 these separate *Institutes* were suppressed and substituted by lectures for women in the five *Workmen's Institutes*. The programme included subjects of feminine interest, that were treated by specialist lecturers.

One of these *Institutes* was exclusively for women. The courses of instruction in the *Farmers' Institutes* lasted four days: two special courses for farmwomen were added and were very well attended. The expense was borne by the *Mens' Institutes*.

North Carolina. — There were 68 *Institutes* in 46 counties. The method employed was to hold the meetings the same day as the men's but in separate halls. In North Carolina, as a rule, also special sessions are held permitting the farmwomen to organize separately. Two lecturers are generally sent by the State to every meeting, and when ordinary meetings are held in the afternoon some of the lecturers of the *General Institute* attend the women's meetings and take part in the discussions on cheese making, poultry, and gardening.

North Dakota. — In North Dakota by way of experiment two *Women's Institutes* were founded. They were well attended and excited great interest. Yet the limits of the available funds of the *Farmers' Institutes* did not permit of the foundation of others. Yet, even in the following years, lectures on important matters were given in the *General Institutes*.

Pennsylvania. — To the practical meetings held every day in the *General Institutes* a meeting devoted to domestic régime, hygiene and women's work was added. In the course of the year 1908, 180 meetings of the kind were held. The audience was composed of men and women, but the direction was in the hands of women.

South Dakota. — A special *Institute* for women has been started in this State. In the regular *Institutes*, men's and women's interests were dealt with in separate sessions. A lecturer of the domestic science department was entrusted with the instruction in this branch during the whole period of the sessions.

Tennessee. — An auxiliary women's club was organized by the *Farmers' Institute* on the 29th May, 1908.

Utah. — In the course of 1908, 70 *Women's Institutes* were founded attended by 4,549 persons. The instruction was given in various ways by domestic science professors of the College of Agriculture.

A few women also attended the ordinary sessions. A State law equalises the expenditure for domestic economy with that for agriculture and enjoins the foundation of *Women's Institutes* as of men's. Utah is perhaps the only Statate that makes this obligatory, at the same time granting special funds for the purpose.

West Virginia. — The *Women's Institutes* here are not yet well organized. Only a few separate sessions of the *Farmers' Institutes* have been occasionally devoted to women's work.

Wisconsin. — In this State courses of cookery consisting of 85 sessions were held during 1908. To these were added lectures on hygiene and the care of children.

Wyoming. — A *Women's Institute* was held here on the 30th. June, 1908. Several others were held in the winter and in the spring of 1909.

Up to the end of 1909 the following States had no special organizations for women, but utilised the meetings of the regular *Institutes* for domestic instruction: Connecticut, Delaware, Kansas, Massachusetts, New Jersey, Oregon and Washington.

On the contrary, in the following States no special fund has yet been assigned for the domestic instruction of the farm women: Alabama, Arizona, Arkansas, California, Florida, Kentucky, Louisiana, Maine, Mississippi, Nevada, New Hampshire, New Mexico, Ohio, Oklahoma, Rhode Island, South Carolina, Texas, Vermont and Virginia.

The work of the *Women Farmers' Institutes* tends continually to increase. According to the *Report of the Department of Agriculture* in 1910 444 *Women's Institutes* were held in 16 States (an increase of 299 upon those held in 1909) attended by an audience of 4,850 persons. Certainly, there is still a great difference between these figures and those for the *Men's Institutes* : in fact, in the same year 5,651 courses were held consisting of 16,586 sittings attended altogether by 2,395,908 women auditors. But it is certain that the beneficent movement, effectually assisted by the Department of Agriculture and various large associations, will go on increasing.

The benefits from the *Farmers' Institutes* are already very great. Besides instruction directly given, they have contributed to the formation of libraries ; to the collection of funds for agricultural shows, the institution of prizes at the same shows for the best produce exhibited by the women members, the carrying out of enquiries into the hygienic conditions of the public schools, the improvement of buildings and public roads, the foundation and maintenance of hospitals, the fight against tuberculosis, etc. etc.

Of valuable assistance to the work of the *Institutes* are the various publications of the experimental stations of the agricultural colleges and, above all, the bulletins of the United States *Department of Agriculture*, many of which are devoted to matters of special interest for farmwomen. Let us here note an institution of character similar to the *Farmers' Institutes*, namely the "*Agricultural Trains*", that is, special instruction trains also forming part of the *Demonstration Work*. Just as the necessity for separate *Women's Institutes* has made itself felt, so also in the *Demonstration Trains* account has been taken of the farmwomen. Already some years ago in North Carolina a carriage was added to the *Corn Growers' Special Train*. It was an ordinary passenger carriage with the seats removed on one side : in their place a kitchen was installed where were exhibited various very practical domestic implements for the saving of women's labour, such as stoves, washing machines, refrigerators, oil stoves, etc. The other seats were for the audience and, when it was not too numerous, the lessons were given in the carriage itself.

*
* *

To these associations and institutions of eminently educative character must be added the work of the large associations in behalf of women engaged in agriculture. So we shall proceed to speak of the :

§ 4, *Participation of Women in the Granges.*

From the Granges it is said came one of the strongest incentives to the foundation of *Women's Institutes*. It is certain that in everything connected with the education and the improvement of the conditions of

farmwomen the work of the Grange has been most important. The Grange was perhaps the first large organization officially to give woman an equal place with man in its work. In the Granges woman has the right to vote and may occupy the highest positions. She sits on committees even on matters of the greatest importance; she accompanies her husband when he represents a local Grange in the State Grange; addresses the meetings, calling attention to questions in which she is specially competent in relation to family life, education of children, etc. Finally, there are many farmwomen's sections in connection with many Granges.

All this, while on the one hand serving to enrich the woman with useful and practical knowledge on matters of technical, moral, economic and social character, has also habituated the man to appreciate in her a faithful companion in work and struggle.

§ 5. *Small Local Farmwomen's Associations.*

The work accomplished in favour of women by the various institutions we have spoken of up to the present, however useful, would not be sufficient, were it not completed by numerous other female associations of essentially social character. The office of these is on the one hand educative and thus completes the work of the *Farmers' Institutes* and of the Schools. But, on the other hand, and here is their highest importance, they constitute artificially those social relations that, on account of the conditions of environment and tradition, could not otherwise be formed, creating amongst their members an atmosphere of sympathy and affection, at the same time providing the women with opportunities for diversion, and they have also practical results, as the farmwomen united in associations perform a work of mutual instruction by the communication of their personal experiences, etc. With this are sometimes associated real and true forms of co-operation.

The usefulness of these associations has already been recognised by the farm women of the United States; hence very many have already arisen and given excellent results.

The constitution of these local associations and the manner of their working varies. They have for the most part a limited number of members, inhabiting the same neighbourhood; the meetings are held in the house of one or other of these. Their objects are either general or relate to special branches of domestic activity. This is how the work of one of these small associations is described by one of its members.

"We have a *Country Club* composed of twenty farmers' wives. The number is limited to twenty . . . Any married woman living in the

country in the immediate neighbourhood is eligible to membership upon vote of the members. Four negative votes required to reject.

The object of the club is the mental improvement of its members . .

We have taken up the course as outlined by the "*American School of Home Economics*." There are twelve books on various subjects in the course. We have finished *The Principles of Cookery* and are about through with *Food and Dietetics*.

We exchange recipes upon various subjects that come up in the lessons, and learn why we do this and do that, what makes results satisfactory, and the cause of failures.

We have been organized almost two years. Each summer the Club has a picnic and entertains the husbands and families . . . at each meeting we have a roll-call and the responses are quotations, stories, current events, etc. We meet the second and fourth Thursday afternoons of each month. The hostesses' names are arranged in alphabetical order as are the leaders of the lessons, but the lessons were started in the middle of the alphabet, so that the hostess is never leader. Refreshments are served but are limited to three articles of food besides the drink.

Our club has brought women together who have lived in the neighbourhood for years, but yet were really not acquainted. It has done much in a social and intellectual way, not to mention what it has done for the cuisine."(1)

Others of these associations have more special objects: thus we have for example: 1. *Library Clubs*, intended specially to provide members with useful and agreeable reading by means of small libraries usually begun in a very humble way with a few initial contributions of books and money, gradually increasing. This is how the working of one of these clubs is explained in an article published in "*Home and Farm*."

"A *Library Club* was organized for the purpose of forming a Village Library. Everybody in town was asked to give a book to the library. Miss M. was appointed librarian. A bookshelf was made by putting empty fruit crates one above another, . . . Making a dark red curtain to fall over the front to protect the books from dust. The books were loaned out for two cents a day, and the money used to buy new books. The club membership began with ten and increased to twenty. They met weekly and spent a social afternoon, talking or planning for dramatic entertainments, several of which were given during the winter. A small admission fee was charged and the proceeds invested in books for the library . . . The Library Club met around at the houses of the members. A president and a librarian were elected. . . . The librarian had entire charge of the books. At first they were kept at the home of the librarian,

(1) *Rural Manhood*, January 1911.

but as the library grew, the books were transferred to a millinery store in the village and the proprietor of the store was given a small sum for lending the books.

. . . In five years a good-sized circulating library grew out of the small beginning."

Very profitable also are the *Cooking Clubs*, the object of which, besides mutual instruction in the culinary art, is the very important one of studying in common the value of foods, both from the point of view of hygiene and of nutriment, specially consulting for the purpose the publications of the Department of Agriculture, of the various Colleges of Agriculture, etc., on the subject. Finally, these clubs also serve for the study of every modern invention applicable in cookery to facilitate and render less burdensome the farmwomen's labours: such as improved stoves, washing machines, electric kitchens, etc.

The *Mother Clubs* serve to unite mothers who are thus able to exchange their personal experiences and to study together the problems of infant education and hygiene in general and that of the farms in particular. The forms assumed by these local clubs and their objects are most numerous and though often not directly concerning agriculture, they have always the very useful effect of uniting the various members of the rural communities. We have thus *Reading Clubs*, *Sewing Clubs*, *Musical Clubs*, *Conversation Clubs*, etc.

Let us lastly mention the "*Town and Country Club*", an association the object of which is to bring together the women of the town and of the country.

The idea of this association arose in Michigan after an *Institute* course: and it shows how the work of the women's associations is continually being extended. The *Town and Country Clubs* have devoted their efforts also to practical objects, especially in the institution of the so-called "*rest-rooms*." These are rooms kept in the cities to afford women who come from the country to make purchases, a place where they may repose, take their meals and even leave their children. These rooms are comfortably, though simply, furnished and the use of them is free. The great advantage they have for farm women is evident, but they are a sign of a greater benefit, as a first step towards real and true co-operation between the town and country women.

§ 6. The Colorado Springs Congress.

Let us finally mention an event of great importance for women occupied in agriculture, especially in the United States, namely, the *International Congress of Farm Women*, held at Colorado Springs, Col., during

the sixth annual meeting of the *International Dry Farming Congress* (12th.-14th. October). The Congress did not deceive the lively expectations which it had excited. There were about 250 women present, representing 25 States of the Union, without counting the representatives from Canada. For four days various matters relating to the life of women and children on the farms were discussed. The contribution made to the discussion by women of various conditions, housewives, school-mistresses, journalists, etc., was indeed useful, serious and most interesting. Subjects such as the following were discussed: "Laws of Physical Hygiene in relation to the Family" "Nutritive Value of Foods," "Reorganization of the Rural School" "Saving of Time and Strength and the Economic Value of Rest", etc.

The next Congress will be held at Lethbridge, Alberta, in October, 1912.

CO-OPERATION AND ASSOCIATION

FRANCE.

I. — RECENT NEWS.

I. Legislation and State Intervention in regard to Agricultural Organizations.

A New Bill in Favour of Co-operative Agricultural Credit.

Sources :

Bill to authorize Advances in favour of Long Agricultural Credit out of the loan of forty million francs made to the Treasury by the Bank of France. Presented by M. J. PAMS, Minister of Agriculture and M. L. KLOTZ, Minister of Finance, 15th. December, 1911.

In the report on the fifth congress of Agricultural Co-operative and Mutual Societies (1) held at Evian-les-Bains last September, we noted how, on the proposal of M. Decharme, chief of the Bureau of Agricultural Mutual Credit and Co-operation, the meeting expressed its desire that new means for credit should be accorded to the regional banks in order to place them in a position to grant the very numerous requests for loans made by private farmers in terms of the law of 19th. March, 1910 (2).

This law, as we know, authorizes the regional banks to grant the agriculturists loans on favourable conditions, through the local banks, up to

(1) See Bulletin of Social and Economic Intelligence, October 1911, page 45.

(2) For the provisions of the law in question, see the above Bulletin, December, 1910 p.274, April, 1911 p. 207. and January, 1912 p. 59.

the amount of 8,000 francs repayable in instalments in fifteen years; for this purpose the State may grant the local banks, out of the fund formed by the yearly contributions paid by the Bank of France loans without interest and not exceeding twice the amount of their paid up capital.

Now, as the law of 26th. December, 1906, had already assigned $\frac{1}{3}$ of this contribution to credit to agricultural co-operative societies, the funds for individual credit are now limited to the remaining $\frac{2}{3}$ of the contribution. This grant, calculated on the average of the payments made by the Bank of France in the five last working years, represents an annual credit of about 3,900,000 francs.

As we saw, the law met with a very favourable reception from the farmers. At the end of last year, that is eighteen months after its promulgation, 72 banks and 2 real estate credit societies had already received special long credit loans, for over 7 millions, out of which they had, by the 31st. July, 1911, granted 615 loans for about 4,450,000 francs.

But the means assigned to the regional banks were inadequate for the extension of the experiment, which seems to promise well, to the various regions; more considerable resources were required. So on the 15th. December of last year the Government presented a bill for the authorization of advances for long agricultural credit out of the 40 million loan made to the Treasury by the Bank of France and intended for short term agricultural credit (1). These advances that are not to exceed the sum of 12 millions will be repaid to the account of the 40 millions in annual instalments, the amount of which will be settled by an agreement between the Departments of Agriculture and Finance, charged against the account of the annual contribution of the Bank.

As we see, the intention of the bill is not to provide new funds for long agricultural credit as the regional banks can, as formerly, only receive State loans up to twice the amount of their paid up capital: it confines itself to allowing a temporary modification of the different allocations of the special Treasury accounts intended for agricultural credit.

If through this special arrangement, a part of the funds which would otherwise have been altogether employed for short term agricultural credit, is distributed over a period of years, the great advantage is, however, obtained, according to the report, of facilitating the integral application of the law of March 19th, 1910, from which the consolidation of small agricultural property is expected.

(1) The available portion of this fund is valued at 24 millions to day.

2. Work of the Federations of the Co-operative Societies and of the Large Agricultural Associations.

I. — **General Meeting of the French Farmers' Society.** — The French Farmers' Society held its 43rd. annual session from the 12th. to the 15th. of last February.

Its revered president, the Marquis de Vogüé, constrained by advancing years to abandon his office of president, took an affectionate farewell of his associates, reminding them of the course travelled together, and recommending them to have confidence in the future and to remain loyal to the principles they have all along supported.

"You have," said he in conclusion, "an admirable instrument at your disposal: the Agricultural Syndicate, with its group of institutions of thrift and mutual aid. Make use of it and do all you can to derive the utmost profit from it."

In the place of the Marquis de Vogüé, appointed Honorary President, the meeting elected M. Emile Pluchet, President.

Let us now briefly examine the principal subjects discussed at the important meeting.

(1st) *Rural Dwellings.* — The Agricultural Division, on the proposal of M. Thomassin, presenter of the report, passed the following resolution:

1st. that a competition be opened among architects, engineers and contractors in relation to agricultural labourers' houses attached to the farms;

2nd. that archives be established in the society's offices to contain plans, drawings and patents, to be at the disposal of members;

3rd. that an architect or an engineer or a commission of architects or engineers be appointed to give all necessary information as to the studies undertaken by the Society;

4th. that in the awarding of prizes, account be taken of what the competitors have done from the social point of view.

(2nd.). *High Food Cost: Causes and Remedies.* — The meeting, after hearing the report of M. Jules Le Comte, passed the following resolution:

1st. That the bill for reducing the customs dues on bacon, pork, etc. up to the 31st. October, 1912, be rejected;

2nd. That in future no more live animals leave La Villette, and that despatch be only made of butchers' meat and in refrigerators;

3rd. that the La Villette slaughterhouses be reconstructed on modern scientific principles, and that the Paris Livestock Station be enlarged and reorganized so as to protect the animals from contagious diseases;

4th. that in the *Central Markets* an examining office be instituted with necessary disciplinary powers to punish the forwarders for fraudulent manoeuvres and dishonest trade systems, etc.

(3rd.). *Customs Tariff for Meat.* The Farmers' Society, considering that the price of meat is lower in France than in the adjacent countries, that this price is justified by the increased cost of labour, the rise in price of food and the cattle epidemics; that all relief of foreign cattle and meat from the customs dues would result in the enrichment of foreign importers, without profit to the consumer and the discouragement of the livestock farmers, asks for the maintenance of the taxes on foreign meat and cattle together with that of the sanitary measures, both for the sake of public hygiene and for the protection of the national livestock. (Marcillac Report).

(4th.) *North African Wines.* Averse to all favourable treatment for the importation of wines from Marocco, which must remain subject to common law, the Society desires:

1st. That Parliament approve the Barthe proposal limiting to 250,000 hectolitres the quantity of Tunisian wine that may be exempted by law of July 29th., 1890, and to abolish the free entry accorded by law of July 19th., 1867 to Tunisian and Marocco products entering Algeria by land and to subject them to the same tariffs in force for products imported by sea.

2nd. That Parliament, either by reform of the Algerian fiscal régime or with the establishment of taxes or compensating rights, re-establish the equilibrium between the conditions of wine production of the mother country and those of Algerian production (Coste Report).

5th. *Insurance:* The division for economy and rural legislation, after hearing M. Rousselle's report, asks Parliament for the revision and reform of the law of April 5th., 1910, on workmen's and peasants' pensions, a reform inspired by the largest spirit of liberty and simplification. The meeting, further, on the report of M. Taillandier, showed itself opposed to the bill presented on the 24th. December, 1910 by MM. Magniaudé and Razimbaud, for the institution of compulsory agricultural insurance against hail, frost, floods, etc; asserting that agricultural insurance and reinsurance business must be carried on by free professional associations on mutual lines. The same theory was sustained with regard to the Bill on the Agricultural Central Reinsurance Bank, presented on December 28th., 1909.

(6th.) *Agricultural Credit*. — After Count de Vogüé's report, the Society passed a resolution for the presentation to Parliament as speedily as possible, of a bill for codifying the laws on agricultural credit and small agricultural holdings, harmonizing the provisions of these laws so as most to favour the interests of the small farmer; and for the modification of the 1894 law on local mutual credit banks so that the operations the syndicates may conduct in behalf of their members may be clearly specified and the same syndicates may be in a position to form reserve funds for the support of their subordinate institutions.

(Summarised from the *Bulletin de la Société des Agriculteurs de France*, February 15th and March 1st 1911).

*
* *

2. — *Union of the Agricultural Syndicates of the Alps and of Provence*. (1). — The above union held its general meeting at Marseilles on the 9th. and 10th. December, M. Raymond Gavoty in the chair. Besides many distinguished persons of the agricultural and co-operative world, there were also present many delegates of the 300 syndicates affiliated to the Union. Let us rapidly examine the chief subjects dealt with at the meeting:

1st. *Agricultural Credit and the Bouches-du-Rhône Savings Bank*. In this connection, M. de Montricher, Vice-President of the Union recalled the merits of the Marseilles Savings Bank (2) in the organization of agricultural credit based on the principle of distributing local savings over the land. Profiting by the power granted to these institutions of devoting the fifth of their capital to operations of agricultural credit, it facilitated the foundation of local mutual credit banks by means of the concession of a loan of 2,000 francs at $2\frac{3}{4}\%$.

He therefore demanded greater liberty to for the Savings Banks in the investment of their available funds in behalf of social institutions and especially of co-operative credit societies.

2nd. *Packing of Agricultural Produce* (3). — The questions relating to the most rational and economic transport of agricultural produce specially affect the farmers of Vaucluse, Var, and Basses Alpes, regions that produce large quantities of vegetables, early fruit, etc. The Union has endeavoured to found syndicates to collect this produce and to facilitate the packing and export.

(1) See Bulletin for June, 1911, p. 54.

(2) See Bulletin for January, 1912, p. 79.

(3) Report of O. LE MAINE. - Bulletin of the Union of the Alps and of Provence, Marseilles, January, 1912. - See in this connection the articles of M. Butin in *Agriculture Commerciale*, numbers for May, June, July, August, 1911.

3rd. *Protection of Birds useful to Agriculture.* — In this connection the meeting demanded the prohibition of snaring birds smaller than thrushes, as well as the sale of decoy birds and those taken out of season, or killed in the nets.

4th. *Co-operative Societies for Distillation of Perfumes from Plants.* — These Societies formed the subject of an important report by M. Joseph Seytre. They have rendered great services to the farmers of the Alpes-Maritimes who devote themselves to the cultivation of orange flowers, roses, jessamine, etc. By means of co-operation the farmers have succeeded in liberating themselves from dependance on intermediaries and in doubling the selling prices. Amongst the most important associations of the kind let us mention the *Alpes-Maritimes Orange Growers' Co-operative Productive Society*, founded at Vallauris in 1904 under the form of a limited liability society of variable capital, (law of 26th. July, 1867). Its object, like that of its compeers, is to arrest the fall of prices by the collective sale or distillation of the produce of members. The society is founded for 30 years, the capital of 50,000 frs. is divided in 2,000 25 fr. shares (*quote-parts*), one tenth paid up. The manœuvres of speculators, the large quantity of produce, — 1,500,000 kgs. of orange flowers in 16 communes — its easy perishability, — all conspire to render the work of the Society very difficult and laborious. When the first difficulties had been overcome it was decided to instal a distillery, for this purpose the society issued bonds for 100,000 francs at 50 frs. each; these bonds bear interest of 5 % and are extinguishable in 8 yearly instalments of 250 frs. each, and are drawn for by lot. The distillery with site, building, machinery, etc. cost 99,889 frs. In 1910 the co-operative society that had about 1,800 members, received 1,315,620 kgs. of flowers, of which 177,156 were distilled in its establishment, the rest were sold to the perfumers.

Immediately after the harvest it pays the members a first account of 75 centimes the kg. : the rest (10 centimes) is paid to them after the sale of the produce of the distillery.

Before the formation of the society the producers on an average only received 41 centimes the kg.; now they succeed in getting an average price of 1.10 frs.

As to the 100,000 francs loan it will be completely paid off this year.

The satisfactory results of this first experiment inevitably affected the cultivation of other kinds of flowers. Influenced by this example, the village of Colle also decided to prevent the sale of its rose flowers at too low prices, by founding, in 1907, the *Co-operative Society of the Cultivators of National Flowers of Colle, St. Paul and Villeneuve Loubet*, with a rose distillery; in the same year, a *Co-operative Society of Flower Growers for Perfumery* was instituted at Grasse, also with a distillery.

Concluding his interesting report, M. de Montricher, after having shown how productive co-operation is developing more and more in France induced the meeting to pass a resolution in favour of the speedy presentation to Parliament of an organic law on Co-operative Societies.

5. *The Development of the Union of the Syndicates of the Alps and of Provence.* — In a speech delivered at the meeting of 10th. December, M. Gavoty, President of the Union, expressed his pleasure at the continually growing increase of the federation: in fact, it unites 300 syndicates, many credit banks, 220 fire insurance societies insuring rural real estate for 50,000,000 frs., many accident and cattle insurance societies, and some thirty co-operative productive societies (amongst which co-operative oil mills, dairies, wine societies, etc.).

(Summarised from the *Bulletin de l'Union des Syndicats Agricoles des Alpes et de Provence*. Marseilles. December 1911, January, 1912).

*
* *

3. — *Union of the Agricultural Syndicates of the South East.* — This Union held its general meeting at Lyons on the 20th.-21st. November, of last year, M. Anatole de Fontgaland in the chair.

In his inaugural address, the President summarised the action of the Union in 1911, a particularly bad year for agriculture: he mentioned the part taken by it in the encouragement of mutual societies for farmers, now 90 in number, and noted the continually increasing development of the Syndicate movement. While in 1910 the Union included 434 syndicates, to-day it includes 464. The mutual fire insurance societies have especially increased: 416 societies assure a capital of 133 millions. The regional cattle mutual insurance society includes 85 local societies: fire insurance tends to develop more and more.

The co-operative purchase society in connection with the Union did a total business of 4,000,000 francs; the Regional Agricultural Credit Bank did a business of 3 ½ millions.

47,000 copies of the Bulletin of the Union are issued.

Among the various motions passed at the meeting, let us mention that against any reduction of the customs duties on cattle or meat or any other class of agricultural produce, and that calling for the stringent application of the laws for the repression of frauds.

(Summarised from the *Bulletin de l'Union du Sud-Est*, Lyons December, 1911)

* * *

4. — **Federation of Co-operative Societies for the Sale of Eggs.** — As we have noted more than once in previous numbers of this Bulletin (1), various co-operative societies for the sale of eggs have been formed in recent years in the departments of Deux-Sèvres and Charente-Inférieure; these societies are in most cases connected with co-operative dairies, which, as it well known, are spread widely over this region.

To coordinate the forces of the co-operators and to extend their example, a federation has been recently founded at Niort, under the patronage of the Central Association of the Co-operative Dairies of the Charentes and Poitou and of the Central Agricultural Society of Deux-Sèvres, under the name of: "*Union of the Societies of Poitou and the Charentes for the Collection and Sale of Eggs.*"

The following, according to the rules, are the aims of the association:

1st. To occupy itself with the general interests of the adhering societies, so as to encourage their development.

2nd. To render commercial relations easier for them both in France and abroad, by collecting and putting at their disposal all information that may be useful to them.

3rd. To support them in their claims, when well founded, against the public authorities or great public and private administrations.

4th. To defend them when they are unfairly prosecuted and especially to protect them against all who may damage them by fraud, menace or calumny, or may dishonestly compete against them.

5th. To see that the transport of their produce is managed under the best possible conditions.

6th. To institute, or encourage the foundation, if need be, of an agency at Paris to occupy itself with the transport of the eggs on their arrival, their distribution or forwarding on as speedily as possible, and also, if need be to supervise their sale on the central market.

7th. Gradually to centralise the demands for the packing material the society normally uses and to pass contracts for the supply of same so as to obtain the most favourable conditions and prices for them.

(Summarised from the *Industrie du Beurre*, Niort, 21st January, 1912).

(1) Bulletin of Economic and Social Intelligence, March, 1911, p. 103 - October, 1911 p. 54.

3. Miscellaneous Information.

I. — AGRICULTURAL CO-OPERATION.

1. — **Payments of the Bank of France in Favour of Agricultural Co-operative Credit.** — At the General Meeting of the Shareholders of the Bank of France held in Paris on the 25th. of last January, the Governor, M. Pallain, gave his report on the operations conducted by the Bank in 1911.

From the tables accompanying the report we see that the payment made by the Bank to the State in terms of the law of November 7th., 1897, on co-operative agricultural credit (1) was frs. 7,225,800.55, with an increase of over 1 ½ million compared with the previous year.

Altogether, in fifteen years, the Bank has paid an amount of frs. 73,413,730.37 under this head. If we add to this the loan of 40 millions made to the State in accordance with the same law, we see that the Bank of France has up to the present placed at the disposal of co-operative agricultural credit, quite 113 ½ million.

*
* *

2. — **The Co-operative Wine Society, Besse, (Var).** — This co-operative wine society founded in 1910 as a Civil Society with variable capital, under the title "*Emancipatrice*", has profited by the experience of the intense co-operative movement that has been going on for many years in Var and is therefore to be mentioned as a model of its kind.

The capital subscribed the first year by the members amounted to 12,000 francs, divided in 25 franc shares (*quotes parts*). It has been doubled by means of the loan on favourable terms obtained from the Regional Bank, to which has been added a subsidy of 7,700 francs. Last year the members subscribed other 15,000 francs in shares, on which the regional bank granted another loan, and the Agricultural Improvements Office a second subsidy. Altogether the total amount of expenditure came to about 100,000 francs.

(1) See *Bulletin of Social and Economic Intelligence*, January, 1912, "Co-operative Agricultural Credit during the Year 1909-1910" and February, 1912, "The Bank of France and Agricultural Credit in the Period 1900-1909".

It has 165 members and can deliver 10,000 hectolitres of wine. The society, produces red, and white wine, and Jacquez, distills the lees, and utilizes the by products, residuum, tartar, etc. It has at its disposal a highly improved plant: vats in armoured cement, a Marmonier press, and a Coq hydraulic press. Force is given by an 8 H. P. Pilter motor and by electricity.

The co-operative wine society allows its members 70 litres for every 100 kgs. of purple grapes, 66 per 100 kgs. of white grapes, and 62 per 100 kgs. of Jacquez: the surplus, added to the receipts from the sale of the by products, remains to the society for the constitution of a reserve fund and to provide the amounts required for the payment of interest and sinking fund. Besides, to cover the vintage expenses and those for the treatment of the wine, the amount of one franc is deducted per hectolitre, liable to be increased if necessary.

Every member has a right to a certain quantity of wine and brandy for household consumption.

The 1910 wines were sold at the following prices:

| | |
|----------------------|-----------------------|
| Red wine | 40 fr. the hectolitre |
| White wine | 47 " " " |
| Jacquez | 38 " " " |

To this must be added 46 litres of alcohol of 60° sold at 85 frs. the hectolitre, besides the residuum, tartar, etc. sold at very remunerative prices.

(Summarised from the *Bulletin of the Syndicates of the Alps and Provence*, December, 1911).

*
* *

3. — **Agricultural Syndicates in the Department of Allier.** — This Department has more than 150 agricultural syndicates. They are engaged in various undertakings: some confine themselves to collecting orders for manure, seeds, etc., others are founded for mutual defence against hail, some grind seeds for food for animals, by means of a petroleum worked apparatus, for example. the Audes Syndicate. The Syndicate of Rounet is provided with a weighing machine, those of Chamlet, Louroux-de-Beaune, and Nérès have a choice bull, and boars; the Syndicate of Quinssaines has organized an agricultural library, that of Etelon has bought a portable weighing machine, various implements for use in tending animals, etc. Almost all the syndicates have sieves for separating seeds.

From this brief account we see how vast a field is open for syndicate activity: these fundamental institutions of rural life are called upon con-

tinually to undertake new practical duties, such as irrigation, road construction and maintenance, restriping, generation of electricity for illumination and motor force, all those practical services, in fact, demanded by modern agriculture and that can be organized with least effort by means of association.

(Summarised from *Annales de la Mutualité et de la Coopération*, Paris, February, 1911).

*
* * *

4. — **Association and Utilisation of Electric Power for Agriculture.** — In an interesting report recently presented to the Pas-de-Calais Agricultural Club, M. Mironet, Engineer attached to the Agricultural Improvements Office, dealt with the various means by which the farmers may associate for the utilisation of the electric force from which agricultural industry derives such great advantage.

According to him, farmers may profit by electric force in two ways:

1st. By founding an electric laboratory worked by "poor" gas or water power.

2nd. By putting themselves in relation with an electric society the lines of which pass near their farms.

In the first case, association is the rule and there are already many societies founded under these conditions. In the second case, landowners or farmers may sometimes have an interest in combining, if either the society does not distribute the force, or a collective subscription offers more advantageous rates, or, finally, if the farmers intend to utilise the power for collective purposes.

The forms of association that may best answer this purpose are the following :

(a) The *co-operative society* is the form that suits the greater number of cases and that has been adopted up to the present: Let us mention, for example, the *Electric Agricultural Association for Production and Distribution, of Neuve-Maison*, (Aisne), founded in 1905, which has given very encouraging results, and the society for similar purposes founded at Montigny-sur-Vingeanne (Côte-d'Or). These societies have profited by the technical and financial assistance of the Agricultural Improvements Office. They are formed by members of an agricultural syndicate: their capital of 10,000 frs. is divided into 400 25 fr. personal shares (*parts*). The rates are higher for those members who have entered after the formation of the societies. Their resources consist in payments on members' shares, subsidies and loans. The co-operative form allows of an advantageous understanding among the farmers. Thus the society of Montigny-sur-Vingeanne installed a co-operative thresher. It is well to note that the rules provide that, in case of dissolution, the commune shall buy the establishment.

The Agricultural Co-operative Societies for utilisation of electric force, can, in the opinion of the writer of the report, profit by long term credits, when they conform to the conditions required by the law.

On the other hand it is to be foreseen that the electric societies, in view of the service done by the co-operative societies in extending the use of electric force, will give the latter favourable conditions.

(b) *Syndicate association* presents the drawback that it can only be formed among land-owners, but on the other hand it could obtain favourable rates from the societies receiving Government grants, always on the condition that it is recognised as of public utility by the Council of State.

(c) *The Commune*. This system might be advisable, especially when, as is very frequently the case, all the farms are in the village.

(d) *Consortiums of Communes*. These offer advantages, in so far as consortiums are more easily formed than co-operative societies when the electric sector must serve for several villages. They might profit by the encouragements offered by the State and the Department.

(Summarised from *Annales de la Mutualité et de la Co-opération Agricoles*. Paris, February, 1912).

II. — NON-AGRICULTURAL CO-OPERATION.

Co-operative Distributive Societies According to the Latest Official Statistics.

In our April number for last year (1) we spoke of distributive co-operation in France, dealing with its general characters and showing the progress made by it in recent years up to the end of 1909.

Referring our reader to the above study, we shall limit ourselves here to noting the progress made by the Societies in 1910, making use of the last statistics published in the Bulletin of the Labour Office (2).

§ I. *Number of Societies.*

The total number of co-operative distributive societies according to the prefects' registers shown as existing on the 1st. January, 1911 had risen to 2,811, as compared with 2,636 on the 1st January, 1910. This in-

(1), Page 101.

(2) These statistics do not include the military co-operative societies, the societies for collective purchase and manufacture of farm requisites, the agricultural syndicates, the mutual dispensaries and the co-operative stores instituted by employers for use of their workmen.

crease of 175 societies is partly due to the fact that new inquiries have revealed the existence of a certain number of societies that up to then had not been noted: on the other hand, a certain number of co-operative societies held to be existing in the previous years had really been dissolved without information being sent to the prefects.

The data afford us therefore no precise indication of the progress of the co-operative societies. We must therefore content ourselves with the following notes: according to the information of the prefects, 201 co-operative societies, were founded in 1910 (against 142 in 1909) and 82 were dissolved (as compared with 82 in 1909).

The departments with the largest number of societies are those of Nord (279), Charente-Inférieure (191), Pas-de-Calais (112), Vosges (111), Gironde (107), Seine (107 and Deux-Sèvres (104).

§ 2. *Number of Members.*

Almost all the co-operative societies reported by the prefects, that is 2,736 out of 2,811 (97.33 %), furnished the number of their members, altogether 799,191. It is well to observe that 122 societies are composed solely of railway employees, and 25 of Government officers and employees.

§ 3. *Object of the Societies.*

The official statistics distinguish the co-operative societies, in relation to their objects into two large classes, according as they occupy themselves also with production or not:

1st. Co-operative Distributive Societies also concerned with Production.—

A certain number of co-operative societies do not limit themselves to wholesale purchase and retail sale of goods, but also undertake their manufacture, thus acting as producers in the interest of the consumers. The largest number of these make and sell bread (bakeries) and beer (breweries).

Out of the 2,811 societies noted, 1,077 are exclusively occupied with the baking and sale of bread; 971 of these had 226,133 members and did a business amounting to 48,272,500 francs. These associations are found especially in the Department of Charente-Inférieure, (184), Gironde (86), Deux-Sèvres (85).

593 co-operative societies must also be added, selling at the same time bread and other produce; 574 of these had 262,622 members and did a business amounting to 113,697,700 francs.

The official report, however, notes that it has not always been possible to distinguish among these societies those that bake for their own account

and those that sell baker's bread. Yet it is to be presumed that the majority of the societies noted follow the first system. It is well, finally, to note that 22 societies in rural communes return in form of bread the grain their members consign to them (1).

As to the societies for brewing and sale of beer, there were 115 noted as existing on the 1st January, 1911: 98 of these have 54,117 members and do a total business of 18,953,000 francs. Most of them are found in the Department of Nord.

2nd. *Co-operative Distributive Societies not engaged in Production.* — Almost all the other societies have general stores: food stuffs, groceries, wine, haberdashery, clothes, crockery, etc.

A certain number of them limit themselves to the sale of certain definite articles; thus 39 societies deal exclusively in butchers' meat, 50 in wine, 39 in coal, 20 manage co-operative restaurants.

§ 4. *Total Business Done by the Societies.*

Of the 2,811 societies noted, 2,612 have furnished the amount of their total business, altogether 264,191,000 francs. Amongst those that have done the largest business, let us mention:

| | | | | | Frs. |
|---|------------|----------|----------------|-----------|-----------|
| <i>La Laborieuse</i> of Troyes | | | | | |
| (Aube) | with 5,200 | members, | total business | 2,000,000 | |
| <i>L'Union</i> of Roubaix | | | | | |
| (Nord) | 15,300 | „ | „ | „ | 2,400,000 |
| <i>La Bellevilloise</i> of Paris | | | | | |
| (Seine) | 7,518 | „ | „ | „ | 3,853,000 |
| <i>L'Union</i> of Limoges | | | | | |
| (Haute-Vienne) . . | 10,473 | „ | „ | „ | 4,810,000 |
| <i>L'Association des Em-</i> <i>ployés Civils</i> of Paris | | | | | |
| (Seine) | 26,023 | „ | „ | „ | 6,900,000 |
| <i>La Coopération des Mi-</i> <i>neurs</i> , (Nord) . . . | 9,421 | „ | „ | „ | 7,461,000 |

§ 5. *System of Sale.*

As we had occasion to observe in our article published last year in the April number of this Bulletin, many co-operative societies have adopted the system of selling to the public, especially since the financial law of

(1) See in this connection, *Bulletin of Social and Economic Intelligence*, January, 1912, p. 84. "Co-operative Agricultural Flour-Mill at Condom, (Gers)".

19th. April, 1905 has made it necessary for the co-operative distributive societies to take out licenses.

As results from the enquiries made by the prefects, 2,250 societies out of the 2,811 in existence, that is to say, 80.42 %, have stated whether they sell to the public or not.

Of these 1,359 (60.40 % of the 2,250) with a total sale of 133,571,500 frs. do not sell to the public.

891 (39.60 %) sell both to members and to the public. Of these 198 have only stated that they sell to the public, without mentioning the percentage so sold ; 693 have given such information, declaring total sales of 62,722,500 frs., 12,565,000 frs., (20 %) being sales to the public.

§ 6. *Co-operative Distributive Societies of the Department of the Seine.*

The Department of the Seine has 107 Co-operative Distributive Societies divided as follows : 54 societies, of which 49 have 71,588 members and do a business of 23,865,500 frs., in the city of Paris : 58 with 19,271 members and a business of 8,531,500 frs. in the suburbs.

§ 7. *National Federations of Co-operative Distributive Societies.*

In the above referred to article we spoke of the two large federal groups in which the French cooperative distributive societies are united, as well as of their different political tendencies, which keep the co-operators divided, in spite of the various efforts made to arrive at the union so much desired.

Referring our reader to that article, we shall limit ourselves here to indicating the development of these two large federations and the institutes connected with them.

1st. *Co-operative Union of French Distributive Societies.* This federation with headquarters at Paris, of neutral character, has three distinct divisions : The *Central Committee*, the *Wholesale Co-operative Society*, and the *National League for Co-operative Education and Instruction*.

(a) *The Central Committee*, for propaganda, legal assistance, etc., included for the whole of 1910, 411 societies against 407 in 1909.

(b) *The Wholesale Co-operative Society* is an economic society that in 1909 took the place of the co-operative purchase office for the distributive federations and societies.

In 1910 the societies did business to the amount of 1,476,623 francs, with a gross profit of 58,240.85 fr. and a net profit of 6,042.17 fr., which was distributed as follows : 5 % (302.11 fr.) to the legal reserve fund : 5 % to

the pension fund; 50 % (3,021.09 fr.) to the extension fund; 15 % (906.30 fr) to the Central Committee, 25 % (1,510.54 fr.) to the purchasing societies.

The Society has decentralised its action with the institution of regional branches with warehouses at Paris-les-Moulineaux, Bordeaux, Lyons, Tours, Epinal, Marseilles, Arçais (Deux Sèvres), and Narbonne.

(c) *The National League for Co-operative Education and Instruction*, founded in 1906 is essentially federal and decentralised in character. Its co-operators must establish local sections of a maximum number of 100 members; these sections again form regional federations to elect the members of the Federal Committee.

2nd. *The Co-operative Socialist Exchange*, founded in Paris in 1895, includes, in addition to the co-operative distributive societies other organizations, like the co-operative productive societies among the federated workmen. It occupies itself with propaganda, enquiries and assistance in behalf of the affiliated societies.

On the 1st January, 1911, the Exchange had affiliated to it 413 co-operative distributive societies, 55 productive societies, 1 fire insurance society called "*assurance ouvrière*".

The number of affiliated members was about 120,000 and the total business done amounted to 52,000,000 fr.

In 1906 this federation founded:

The *Wholesale Warehouse of the Co-operative Societies of France*, a limited liability society with variable capital having for its object the institution of interfederal services for purchase, production, exchange and credit.

On the 31st. May, 1910, the number of co-operative distributive societies affiliated to the warehouse was 700. It had a capital of 84,464 fr. out of 100,000 fr. subscribed.

At Paris it possesses a general goods warehouse, a biscuit manufactory and coffee roasting plant; at Charenton a store of wines and colonial goods; at Lille (Pas-de-Calais) and at Amiens (Somme), two boot and shoe manufactories employing 90 workmen; at Château-Regnault (Ardennes), at Lens (Pas-de-Calais), at Epinal (Vosges), three regional store-houses and at Somillac (Lot) an office for the purchase of eggs. There is a book-keeping office at the head-quarters. In all these offices 201 persons are employed.

In the year, 1st. June, 1910 - 31st. May, 1911, the total business amounted to 10,498,112.50 fr., as compared with 7,488,771.80 fr. in the preceding year.

The net profits were 167,745.98 fr. of which 83,872.99 fr. were placed to sinking fund and 83,872.99 fr. to the reserve fund.

§ 8. *Regional Federations of Co-operative Distributive Societies.*

The regional federations known to the Labour Department at the end of 1910 were the following :

1. *Federation of the Bakeries of Ardennes* : with headquarters at Monthermé-Laval-Dieu. Object : Collective Purchase of Flour. It includes 22 societies with 21,000 members : and has done business to the amount of 608,600 frs., as shown on 1st January, 1911.

2. *Co-operative Federation of the East* with head-quarters at Troyes (Aube), including 10 societies with 7,000 members : has done business to the amount of 200,000 frs. in 1910.

3. *Federation of the Syndicalist Co-operative Societies of the South* with head-quarters at Narbonne (Aude). (Object : Collective purchase of Produce for its affiliated Societies).

4. *Federation of the Southern Co-operative Societies*, with head-quarters at Marseilles (Has 9 societies with 4,450 members ; has done business to the amount of 325,000 francs).

5. *Federation of the Societies of the city of Bourges* (Cher) - (Object : to pass contracts for wine for the affiliated societies : it has 5 societies with 567 members : and has done business up to 61,800 frs.).

6. *Syndicate of the Co-operative Societies of Tours and District* (Indre et Loire) (Includes 16 societies and has done a business of 1,307,000 frs.).

7. *Federation of the Co-operative Societies of the P. L. M., East and other Companies*, with headquarters at Grenoble (Isère). Object : to centralise the purchases made by the affiliated co-operative societies among the employees of the above railway companies. It includes 136 societies with 45,638 members.

The total amount of consignments made by the associated societies amounts yearly to 17,000 frs., their reserve funds are calculated at 600,000 frs., the repayments to members at 2,000,000 frs.

This federation has bought a mill at Prissé (Saône-et-Loire) which provides flour for the bakeries of the united societies.

8. *Federation of the Co-operative Distributive Societies of the Department of Loire*, with head-quarters at S. Etienne (Loire) (There are 7 societies with 10,836 members).

9. *Regional Co-operative Federation of Roanne* (Loire) (Federates 14 societies).

10. *Federation of the Workmen's Co-operative Societies of Bretagne*, with head-quarters at Nantes (It includes 70 distributive and 7 productive societies with a total number of 18,000 members ; it has done business

to the amount of 1,900,000 frs. It has a steam mill and a jam factory at Nantes).

11. *Regional Federation of Socialist Co-operative Societies of the Region of the North* with head quarters at Lille (Object: Production of Flour and Collective Purchase of other Food Stuffs: it has 14 societies with 20,000 members; it did business to the amount of about 3,000,000 frs.).

12. *Federation of the Socialist Co-operative Societies of the Coal Basin of Pas-de Calais*, head quarters at Avion. (It includes 18 societies: and has done business to the amount of 117,000 frs.).

13. *Federal Union of the Co-operative Societies of Saône-et-Loire* with head quarters at Montceau-les-Mines.

14. *Co-operative Federation of the Free Zone*, with head-quarters at Sallanches (Haute Savoie).

15. *Syndicate for coffee, tea and pepper for the Co-operative Distributive Societies* with head-quarters at Pantin (Seine). (Object: Wholesale purchase of these articles for the consumption of the affiliated societies. It includes 11 societies with 4,200 members and does business to the amount of 72,000 frs.).

16. *Co-operative Federation of the North West*. With head-quarters at Sotteville-lès-Rouen (Seine Inférieure) (It includes 17 societies).

17. *Regional Federation of the Co-operative Grocery Societies of the Deux Sèvres and La Vendée*, with head-quarters at Arçais. (It has 11 societies with 2,500 members):

18. *Federation of the South West Distributive Societies*, with head-quarters at Toulouse (Tarn). (It includes 20 societies with 3,200 members).

(Summarised from the *Bulletin of the Labour Department*, Paris, November, and December, 1911).

II. — BIBLIOGRAPHY.

Publications of Recent Date relating to Co-operation and Association.

a) Publications of the Agricultural Associations :

- Congrès (VIII^e) National des Syndicats agricoles (*Eighth National Congress of Agricultural Syndicates*). Toulouse, 7th., 8th., and 9th., May, 1911. Toulouse. J. M. Caussé - 1911. 1 vol. ill. 8vo. 459 pp.
- Les warrants agricoles (*Agricultural Warrants*). "Annals of the Agricultural Mutual and Co-operative Societies." February, 1912. Paris.

b) Other Publications :

- CERNESSON J. : Les Associations ouvrières de production et le collectivisme (*Workmen's Productive Associations and Collectivism*). "Revue Internationale de Sociologie," Paris - December, 1911.
- COLLIER A. : Les associations agricoles entre les Européens et les indigènes au Maroc. (*Agricultural Associations among Europeans and Natives in Morocco*). "Le Musée social." Janvier. 1912. Paris.
- DESLANDRES : L'acheteur, son rôle économique et social. (*The Purchaser, His Economic and Social Role*). Liges sociales d'acheteur (*Social Purchase Leagues*). Paris, Alcan 1912, 1 vol. 510 pp.
- FONTGALLAND (DE) P. : De l'action en justice des syndicats professionnels pour l'application des lois. (*Legal Action of the Professional Syndicates for the Application of the Laws*). Paris. Laveur, 1912.
- GAVOTY. R. : La Cave coopérative de Besse. (*Besse Co-operative Wine Society*) "Bulletin de l'Union des syndicats agricoles des Alpes et de Provence", December, 1911.
- GADE CH. : Les Institutions du progrès social (*Institutions of Social Progress*). 4th. edition. Paris, Larose, 1911.
- HENNET VON F. : Der ländliche Kredit in Frankreich (*Rural Credit in France*). "Mitt. der Fachberichterstatte des k. k. Ackerbauministeriums". No. 26. Wien.
- HITTIER : Le crédit agricole en France, ses origines, son essor, son avenir. Le développement du crédit agricole de 1900 à 1909. Extension du rôle des caisses agricoles régionales. Formes diverses de crédit. Le crédit direct par la Banque de France. Conclusion (*Agricultural Credit in France, its Beginnings, Progress and Future. Development of Agricultural Credit from 1900 to 1909. Extension of the Role of the Regional Agricultural Banks. Various Forms of Credit. Direct Credit through the Bank of France. Conclusion*). "Bulletin of the Society for Encouragement of National Industry". November, 1911. No 9. Paris.

- KOHLER, B. : Les syndicats d'élevage (*Livestock Improvement Societies*), "La vie agricole et rurale." January 6th., 1912. Paris.
- MARCILLAC (DE) A. : Les syndicats d'élevage et les abattoirs industriels (*Livestock Improvement Societies and Industrial Slaughterhouses*). "La vie agricole et rurale". February 17th., 1912. Paris.
- MILLIOT, LOUIS : L'association agricole chez les musulmans du Maghreb (Maroc, Algérie, Tunisie) (*Agricultural Association among the Mohammedans of Maghreb*) (Marocco, Algeria, Tunis). Paris, Rousseau, 1901.
- PASQUIER, L. : Les associations agricoles en Algérie (*Agricultural Associations in Algeria*). Algiers. Baldacchino-Laronde Press. Viguier, 1911.
- RICARD, J. H. : Les associations professionnelles en agriculture (*Agricultural Professional Associations*) "La Vie Agricole et rurale," February 10th., 1912. Paris.
- TARDY, L. : Les laiteries coopératives en France (*Co-operative Dairies in France*). "La vie agricole et rurale". Paris, January 6th., 1912.
- Un fondoir et un frigorifique coopératifs (*Co-operative Melting house and Refrigerator* "Le Fermier." January 13th., 1912. Paris.
- VOITELLIER CH. : Les syndicats d'élevage et les mensurations. (*Livestock Syndicates and Mensurations*). "La vie agricole et rurale." February 10th., 1912. Paris.
-

CO-OPERATION AND ASSOCIATION

KINGDOM OF HUNGARY.

CROATIA AND SLAVONIA.

CURRENT QUESTIONS.

Agricultural Co-operation in Croatia and Slavonia (1).

Sources :

- Fzvjješća o radu zem, gospod, uprave 1896-1905. Zagreb 1908 (*Report of the Labours of the Rural Administration of the Country 1896-1905. Agram 1908*). VI Vol.
Ob ustroju štednih i pripomoćnih zadruga. Zagreba. 1882 (*On the Organization of the Co-operative Societies for Credit and Assistance. Agram, 1882*).

§ I. *The Beginnings. — Legislation.*

For a long time co-operation was unable to develop in Croatia and Slavonia, especially because until lately the national life there was dominated by the institution of peasant *family co-operative societies*. These co-operative societies have been and, in large part, still to-day are, in their communalistic life — already so often described but not yet sufficiently explained — agricultural communities producing and supplying themselves with the means for satisfying most of their requirements. Whilst the family co-operative societies were numerous enough to include the majority of the population, no need was felt for co-operative institutions on a larger basis.

(1) This Monograph on Agricultural Co-operation in Croatia and Slavonia was forwarded to us for publication by the Agricultural Department of the Kingdom of Hungary. It was written by Prof. Franges of the University of Agram. We reproduce it unaltered with renew expression of our best thanks to the Author and to the Agricultural Departmented.

When the law IV of 1870, and those of 3rd. March, 1874 and 8th. May, 1889 had authorized and rendered possible the dissolution of the family co-operative societies, the farmers, freed from all obligations and yet habituated to co-operative labour and mutual aid, began to seek in the foundation of associations and co-operative societies the assistance they were now without.

The first manifestations of a desire for co-operation were well received by the agricultural societies, for these were here, as in many other countries, the precursors of the agricultural co-operative societies. There are two agricultural societies the influence of which extends over Croatia and Slavonia. The "Croatian-Slavonian Agricultural Society at Agram", which dates from 1849 and the "Agricultural Society for Slavonia at Osijek," founded in 1875, included among their objects, according to their rules, the collection of orders for good agricultural implements, cattle, seeds, etc. The organization of the said societies was not sufficient for their task. So it was felt the more necessary to found, as institutions, supplementary to the Agricultural Societies, or even within these societies themselves, co-operative credit societies, co-operative distributive societies and co-operative societies for production, etc., which, with their branch institutions, would answer the requirements of the farmers better than the agricultural societies.

Whilst in other countries the co-operative movement came, so to say, *from above*, originating in the farseeing minds of eminent men, in Croatia and Slavonia, this new national movement began from *below*, as a product of the general sentiment of the people, who, abandoning the ancient family co-operative societies, sought and found in co-operation the best form of association, in which, while completely preserving their economic individuality, they could enjoy all the advantages which made the ancient family co-operative societies something quite special. Thus, the benefit of co-operation has been greater for the Croats than for other nations, for it is for them a liberation from the century old chains of family co-operation, which historically it is true formed the most solid basis of its national existence, but no longer correspond to-day, as does modern co-operation, to the awakened consciousness of the individual. The dissolution of the family co-operative societies has been a slow process, and it was desirable that it should be so.

According to statistical researches, beginning with 1890, in a total number of 403,518 households consisting of 2,186,410 persons, there were 61,581 belonging to undivided co-operative societies with 430,182 members or 19.68 % of the total population. In the co-operative societies secretly divided, but still considered by the law as undivided co-operative societies, are included 107,890 households with 601,202 members, or 27.49 % of the whole population; 234,047 households with 1,155,088 members

or 52.83 % of the whole population belonged to the undivided households. And yet the movement takes place more and more rapidly ; the economy rests on an individual basis, and assistance is more and more sought for from co-operation. Thus, although co-operation is of rather late origin in Croatia, it has all the same developed rather rapidly. The people do not only expect from it a successful development of their economy and agriculture, such as has been effected by co-operation among other nations, but also and more, to say the truth, the establishment of an altogether new basis for their national life and future.

The local government of Croatia and Slavonia, recognising the importance of co-operation, attempted in 1882 to extend the foundation of co-operative credit societies of the system Schulze-Delitzsch. This class of societies suited the farmers and artisans. For the purpose the government issued special descriptions and instructions, bookkeeping forms, etc. but they had no success.

Meanwhile private enterprise had permitted of the organization of several free co-operative societies; the first was founded in 1873 at Brdovac, near Agram, but the action of these societies was of quite local character.

The movement in favour of co-operation dates from the law XXIII of 1898, in force also in the territory of Croatia and Slavonia. As soon as this law came into operation a general system of representation for the territory of Croatia and Slavonia was instituted at Agram.

At the same time with this movement but quite independently of it, came the development of co-operation, propagated by the " Union of Servian Rural Banks " and the " Rural Croat Bank," the mother of the rural Croatian Co-operative Societies.

The two organizations have their headquarters at Agram. The first extends its action to all the regions of the Austro-Hungarian Monarchy, inhabited by Servians ; the second limits its to Croatia and Slavonia. The co-operative societies founded by virtue of the law XXIII of 1898 enjoy all the subventions guaranteed by that law : the State grants them a part of the necessary capital, dispensation from stamp dues, and from income tax, and accords them the right of franking letters, etc. The liability of members is limited. The principal object of these societies is to grant credit.

The societies belonging to the " Union of the Servian Rural Banks " do not share in the privileges granted by the State ; they have a working capital and cash of their own. The liability of members is unlimited. In addition to the credit and savings bank business, the branches occupy themselves also with business really of an agricultural character : the collective hire of farms, the exploitation of forests, the subdivision of landed estates, etc. They have even lately begun to occupy themselves with questions of emigration and home settlements.

Neither do the Croatian agricultural co-operative societies enjoy the advantages granted by the State to the societies founded in virtue of the law XXIII of 1898; they receive the funds they require from the Rural Croat Bank of Agram. The liability of their members is unlimited. They engage in the same class of business as the co-operative societies of the Union of Servian rural banks, the work in connection with emigration and home settlement included. Quite recently, the Agricultural Society of Croatia and Slavonia at Agram and that of Slavonia at Osijek, began to conform their organization to that of the co-operative unions. In 1907, the first of these societies was transformed into the "Croato-Slavonian Agricultural Society of Co-operative form, Ltd." The rules of this Society, organized on co-operative lines, specify what it proposes to do: namely, to facilitate the purchase of farm requisites and the sale of its members' farm produce. The great success of this agricultural society at Agram, has been so evident that the Slavonian Agricultural Society at Osijek is preparing to reorganize in the same way. It is to be foreseen that neither of these societies will rest there, but will continue to develop on the lines indicated by co-operation both as regards members' liability and the extension of their business.

The *co-operative dairies*, of which there were 29 in Croatia and Slavonia at the end of 1909, have a special position there. These societies are not united in large federations, but attach themselves in small groups to the larger central organizations, which are not always of distinctly co-operative character.

As in Croatia and Slavonia, the people occupy themselves rather with the rearing of draught cattle and butchers' beasts, as more remunerative than that of dairy cows, the prosperity of the co-operative dairies is not so great as might be desired.

The *co-operative wine societies*, recently still only four in number, it is hoped will have a greater development, as a result of the foundation of the Central Co-operative Society at Agram, which began working at the end of 1910.

Livestock improvement societies have been founded for the rearing of English half breds, of horses of the Ardennes stock, cattle of Simmenthal breed, poultry, rabbits, etc. The central organization of these societies, (except the last mentioned) consists of a bureau for keeping the Herdbooks, at the seat of the office rural administration. These societies receive assistance from the district under form of breedingstock and payment of their expenses in purchasing livestock.

A large co-operative society, which intends to extend its action over the whole of Croatia and Slavonia, and three others of less importance concern themselves with the *insurance of livestock*.

§ 2. *Intervention of the Co-operative Societies in Emigration
and in Sericulture.*

Thanks to their business and their success, the co-operative credit societies have so far won the confidence of the Government and people of the country that they have been entrusted with services, which, to say the truth, are outside the sphere of action of their members and their organizations.

First of all, in 1907, the local sericulture was entrusted to them. It is the Croatian agricultural co-operative societies and the Union of Servian Rural Societies that now, under the control of the local rural administration, order silkworm eggs and instruct the people how to rear them. It is they also who buy the cocoons at fixed prices and sell them afterwards for the profit of the co-operative societies. The prices are so fixed that each breeder may receive an amount exactly corresponding to the value of the cocoons. If the sale of the cocoons gives a certain profit, the breeders belonging to the co-operative society receive their share. Thus, breeders who are not yet members are induced to join.

The disinterestedness of the societies' action in this matter induced the Government to entrust them with a still more important business: *emigration*. The two organizations mentioned above have founded at Agram an emigration bureau under the name of *Putnik* (The Traveller) under Government control. The whole emigration movement is concentrated in this Bureau. The Government had its reasons for arranging in this way, as it was persuaded that the tendencies of the co-operative societies being altogether altruistic, they would not behave like the private emigration bureaux; they do not act on the same selfish motives, that entail such grave consequences both on the individual and the national economy of an entire country.

This altruistic character of the co-operative societies has been admirably manifested. They direct *emigration* but also and above all they carefully watch over the emigrants in foreign lands, encourage them to economise and to insure; they busy themselves in finding occupation for them and finally in facilitating their return home. For those emigrants who have saved something they obtain profitable and permanent employment, most often on farms, in order that they may buy land, machinery, cattle, etc. The co-operative societies supervise emigration from regions where the population is very large and the price of property high, to those where the population is less dense and which have been rendered,

by means of drainage (1), more accessible to cultivation and healthier. They also arrange home settlements to a very considerable extent. In fact, such settlements, made with the consent of the large landowners on the outskirts of their estates, would probably prevent any deficiency of labour, a source of great difficulty in working large farms.

It was only in 1910 that action quite in this sense was begun. The other regions not having yet made experiments on these lines, a definite judgment cannot yet be passed. But, as regards emigration, the effect of the action of the co-operative societies has been that the emigration agents, not having the same interest as before, have ceased to attract emigrants. And it is reasonably hoped, that the disappearance of this evil will bring with it also the removal of other drawbacks resulting therefrom, the regrettable accompaniment of the strange movement, characterising all races that have not yet reached a certain degree of economic progress.

§ 3. *Co-operative Instruction.*

With co-operation, almost every nation has introduced co-operative education in its economic organization. It is the co-operative organizations that supply this education. Some of them have their own farms which serve for model farms. The produce of these farms is meant for sale, but they also serve as stations for experiment and demonstration. The members in the neighbourhood take a lively interest in them, and thus set an example that is readily followed.

§ 4. *The Results.*

(a) *Legislation and State Influence on Agricultural Co-operation.*

Croatia and Slavonia, as far as regards co-operation, are under the same laws as the kingdom of Hungary. The law XXIII of 1898, of which we have already spoken, is the basis of co-operation in Croatia and Slavonia as in Hungary. But the carrying out of the provisions of the law devolves upon the local authorities of Croatia and Slavonia, who aid and subsidise co-operation in every way.

(b) *The most Important Forms of Co-operation in Croatia and Slavonia.*

I. By virtue of the law XXIII of 1898, the *credit co-operative societies* were founded with limited liability of members. Their headquarters

(1) In Croatia and Slavonia, in the last ten years, by reclamation of the land, more than 450,000 hectares, that is, about 1/9th, of the total area of the country has been rendered fit for cultivation.

are at Buda Pesth and their general representative bodies meet at Agram and Osijek.

Up to 1900 inclusive, 61 co-operative societies were founded by virtue of the above law. At the end of 1909 there were 271 with 54,952 members extending their action to 1,141 communes.

The co-operative societies specially occupy themselves with credit business; their rate of interest is $5\frac{1}{2}\%$. To facilitate the purchase of agricultural machinery and seeds, the societies receive an annual subvention of 4,000 crowns. The State also purchases cattle for them at reduced prices.

The co-operative organizations may be divided as in the following table:

Condition of Agricultural Co-operation in Croatia and Slavonia at the end of 1909.

| Names of Societies | Year Founded | Number | | Turnover in Crowns | | | | | Outlay |
|--|--|------------------------------|------------|-------------------------|--|-----------|-----------------|-----------|--------|
| | | of Co-operative Societies | of Members | Financial operations | Purchase and Sale of Farm Requisites in- cluded in the Total Finan- cial Operations | Savings | Reserve Fund | | |
| Central Co-operative Credit So- ciety at Agram and Osijek, founded by virtue of Law XXIII of 1908 | 1898 | 271 | 54,952 | — | — | 1,357,900 | 554,400 | 5,015,510 | |
| Union of Servian Rural Banks at Agram | 1898 | 297 | 10,031 | 18,599,547 | 180,787 | 2,438,124 | 149,334 | 97,044 | |
| Agricultural Co-operative Societ- ies affiliated to the Croatian Rural Bank of Agram | 1901 | 225 | 34,350 | 32,821,815 | 729,140 | 2,687,984 | 432,492 | 363,934 | |
| Croato-Slavonian Agricultural Society, constituted as a Co- operative Society at Agram | founded in 1841, re- formed as a Co-oper. So- ciety 1911 | 84 | 11,132 | 5,131,831 | 681,939 | — | 221,525 | 30,450 | |
| Total . . . | | 877 | 110,465 | 56,453,193 | 1,591,766 | 6,484,008 | 1,357,751 | 1,007,438 | |

According to the above data, of 1,000 inhabitants in Croatia and Slavonia 44 are members of co-operative associations.
On an average, one co-operative society is calculated per 2,755 inhabitants; the average number of members per society is 275.

According to the above data, of 1,000 inhabitants in Croatia and Slavonia 44 are members of co-operative associations.

On an average, one co-operative society is calculated per 2,725 inhabitants; the average number of members per society is 275.

The welfare of the associates is increasing. It may be observed that the number of members increases from 4 to 6 % and the amount of savings is annually from 16 to 19 %.

2. The *Union of Servian Rural Banks in Austro-Hungary* with headquarters at Agram was founded in 1898. At the end of 1909 the Union included 297 rural banks with 10,031 members. The Union does not only occupy itself with credit business, but also carries on a whole-sale trade in farm requisites. It buys implements and machinery, seeds, manure, etc.

The Union has a model farm from which it distributes seeds, cattle and poultry to its members. It hires land for sub-letting ; it buys forests for collective exploitation ; it serves as a medium for the purchase of land and for home settlements etc. Amongst its business operations, not included in its programme, must be mentioned the finding of work in trades and commerce for apprentices, who, after their term expires, cross the frontier.

The work so successfully performed by this Union is the more deserving of praise as it has been performed by that Servian race, which in other lands has been most backward in matters of agriculture.

By the foundation of co-operative societies in the most backward districts it has succeeded in awakening the noblest instincts of this population habituated by war to a hard and painful existence, and conducting it to a more scientific and more advanced agricultural life.

The Union of Servian Rural Banks in 1909 received in subventions from the local Government :

| | |
|-------------------------------------|--------------|
| for purchase of machinery | 1,000 crowns |
| for seeds | 1,000 » |
| for sericulture | 10,334 » |

3. The *Croatian Agricultural Co-operative Societies*, associated in the Croatian Rural Bank of Agram, were founded in 1901. The liability of their members is unlimited. At the end of 1909 the organization included 225 societies with 34,350 members.

The payments made appeared as 4,470,000 crowns ; the value of the merchandise bought or sold for the members' account was 1,385,812 crowns. These societies are very largely occupied with sericulture, purchase of cattle, home settlements, subdivision of estates and other business of the same kind. For this purpose they received from the local government the following subventions :

| | |
|-------------------------------------|--------------|
| for purchase of machinery | 1,000 crowns |
| „ seeds | 1,000 » |
| „ cattle | 4,000 » |
| „ home settlements | 14,000 » |
| „ sericulture | 11,334 » |

4. *Croato-Slavonian Agricultural Society at Agram*, constituted as a co-operative society. This Society was founded in 1847. After the co-operative movement in Croatia and Slavonia had begun, it was transformed in 1907 into a limited liability co-operative society. At the end of 1909 it had 84 branch societies with a total of 11,132 members. It does not give credit. It concerns itself with the supply of farm requisites, sells its members' produce and extends the knowledge of agriculture by means of courses that it organizes and of the press. Its rules do not admit of its accepting savings deposits, but it conducts its credit business on the security offered by the limited liability of its members. Its turnover rapidly increases and at the end of 2 years it has already reached the amount of 5,131,813 crowns. In this co-operative society, there is a strong tendency in favour of reorganization, as an unlimited liability society which would permit of its entering into relations with the Croatian agricultural societies, previously described.

5. The *Co-operative Dairies* at the end of 1909 were 29 in number. They have been all founded by means of subventions from the public authorities, amounting at that date to 78,019 crowns. The largest central organization (at Djakovo) in 1909 treated 3,364,000 litres of milk.

PART II.

INSURANCE.

INSURANCE

AUSTRIA.

RECENT NEWS.

Amendments to the Social Insurance Bill. — We have already noticed (1) the great reform in favour of compulsory sickness, accident, invalidity and old age insurance, with which Parliament and the Government have been busy for several years.

It is a question of organizing sickness and accident insurance, already long established here, on a new basis and of starting compulsory invalidity and old age insurance, with State contributions, both for wage earners and small independent workers (*unselbständig Erwerbstätige* and *selbständig Erwerbstätige*).

The bill has undergone not a few changes. More than once it has been postponed in consequence of the closing of the Parliamentary session. In the summer of 1911, it was discussed before a special commission of the House. It was studied in all its details and the commission even proposed the introduction of some amendments, when the closing of the session again intervened.

In the autumn of the same year the Government presented it, again after the introduction of certain amendments in accordance with the proposals of the above commission.

Only a few paragraphs have been rehandled. The changes introduced do not therefore alter the fundamental lines of the reform as we have already given them. It will be enough for us to mention the amendments.

(a) *Sickness Insurance.* — The previous bill excluded from compulsory insurance all wage earners in receipt of more than 200 crowns a month. Owners of small holdings were not included. Although obliged to work like wage earners for a large part of the year, they are not considered as such. The bill will now subject them also to the obligation to insure

(1) *Bulletin of Economic and Social Intelligence*, 2nd. year, No. 7.

and at the same time raise the maximum limit of income at which the obligation to insure ceases to 3,600 crowns. Yet for wage earners in fixed employ the maximum remains at 2,400 crowns.

On the contrary, there will be no obligation to insure members of the family working on the farm and not receiving payment in money. As to the organization of this branch of insurance, the present bill permits, in contrast to the previous one, the institution of District Sickness Banks (*Bezirkskrankenkassen*), special banks for agricultural and forestry labourers, when there are enough of them within the territory of a political district to render the regular work of such banks possible, separate from those for industrial and commercial employees. Thus the problem of the distribution of the risks of the two classes of wage earners would be solved, since each would bear its own risks. But the independent banks can only be instituted in districts in which the agricultural population predominates and supplies a sufficient number of policy holders.

(b) *Accident insurance* is extended to a certain number of industries at first not included (sand quarrying, slaughterhouses, etc.) and, what concerns us more, to persons engaged in felling trees and transport of the wood both by land and as driftwood on the rivers. Ordinary labour for the requirements of the farm is excluded. The Government has taken into consideration the *desiderata* of the Superior Board of Agriculture.

(c) The amendments introduced in *invalidity and old age insurance* are more important. During the discussion of the previous bill a fear was expressed. It was thought that if both small independent workers and wage earners were included in a single community of risks, it would be disadvantageous for the latter, for a certain number of the small independent members would not pay their premiums, thinking it useless for them to insure at an advanced age. To hinder social insurance being exploited by one class of policy holders to the detriment of the other, the law establishes that the small independent workers shall have no right to old age pensions till they have paid premiums for a period of 500 weeks, that is nearly 10 years. In the previous bill this period was fixed at 200 weeks.

On the other hand, a new provision establishes that small independent workers may have an invalidity pension when the invalidity is caused by an accident.

Finally, we shall observe that the State contribution to each of these pensions, first fixed at 90 crowns, now amounts to 10 times the average annual contribution increased by 30 crowns. This amount, however, must not exceed 90 crowns.

• (Summarised from the *Soziale Rundschau*, No. 10, 1911; and *Soziale Praxis und Archiv für Volkswohlfahrt*, No. 5, 1911).

INSURANCE

DENMARK.

CURRENT QUESTIONS.

Agricultural Insurance in Denmark.*

Sources :

- "Landökonomisk Aarbog for 1911" (*Yearbook of Rural Economy for 1911*), published by the Royal Society of Danish Rural Economy ("kgl. danske Landhusholdningsselskab"). 12th Year, pages 108-113.
- "Statistisk Aarbog for Danmark" (*Danish Statistical Yearbook*), published by the Statistical Office ("Statistisk Bureau") 16th. Year, 1911.
- "Dansk Forsikrings Aarbog" (*Danish Insurance Yearbook*), published by Oscar Rechen-dorff, 7th. Year, 1910.
- "Assurandören" (*The Insurer*), Scandinavian Insurance Review, 15th. Year, 1910, Nos 3, 4, 10, 11 and 13.
- "Statistiske Meddelelser" (*Statistical Bulletin*) published by the Statistical Office ("Statistisk Bureau"), 1911, Nos 10 and 13.
- FALBE HANSEN and SCHARLING: "Danmarks Statistik" (*Danish Statistics*) Vol. II, Copenhagen, 1887.
- "Det gensidige Forsikringsselskab Danmark" 1861-1911 ("Denmark" *Mutual Insurance Society*, 1861-1911), Copenhagen, 1911.
- "Kreaturforsikringen for Kongeriget Danmark" 1859-1909 (*Livestock Insurance in Denmark*, 1859-1909) Copenhagen, 1909.
- "Kreaturforsikrings-Anstalten "Pani" 10-Aarsperioden" 1901-1911. ("Pan" *Livestock Insurance Society in the Period 1901-1911*). Copenhagen, 1911.

To these works we must add the reports and balance sheets of various societies, as well as the unpublished reports addressed to the Statistical Bureau ("Statistisk Bureau") etc., and finally the following publication :

- "Vurderingen til Ejendomslyld" (*Valuation of Landed Estates for purposes of the Income Tax*). "Statistisk Tabelvaerk" (*Statistical Tables*). V. E. number 6, published by the "Statistisk Bureau" (*Statistical Office*), Copenhagen, 1911. ●

* This essay was forwarded to us at our request by our special correspondent at Copenhagen.

Introduction.

In the following study no kind of personal insurance is treated, as agricultural accident insurance was dealt with in a previous number of the Bulletins of Social and Economic Intelligence of this Institute (2nd Year, Number 6), and because there is no life insurance society in Denmark founded specially for farmers. We shall examine here the various branches of insurance against fire, storms and hail, as well as livestock insurance, etc. The object of this study is, in fine, to inform the reader, with the help of statistical data, of the degree of development attained by insurance in the Danish peninsula and islands. For the better performance of our task, we have drawn on the above sources.

The important development of Danish agriculture, which had its origin in the middle of the last century, became more marked, above all after 1880. The large amount of capital invested in farms, and the continually increasing value of the production, have had as their consequence a considerable increase both in the number and in the sphere of action of the agricultural insurance societies. The tendency of the Danish farmers to unite for the defence of their common economic interests, which has led, as we know, to the formation of numerous co-operative dairies and slaughterhouses, and co-operative distributive societies, has given these agricultural insurance institutions a special and generally sufficiently uniform impress. For the most part, they are mutual associations, founded by the farmers themselves, who, as a rule, are also the managers. They have a more or less extended field of action. If, on the one hand, the State did not limit their freedom of action by legislative regulations or other provisions, on the other hand, it has accorded them no special support or protection. (There is in fact no special insurance legislation, except for life and fire insurance).

Many of the older insurance societies have enlarged their original sphere of action, uniting the population of a district for a political purpose. Among the associations (insurance banks, etc.), formed in recent years, a sufficiently large number have associated with a view to co-operate in the efforts now being made for the foundation of an independent organization of small agricultural landowners.

Considered from the technical point of view of insurance, these associations are, for the larger part, far from perfect; in many cases their field of action is too limited, so that they cannot guarantee even an approximate number of risks. It seldom happens that the premiums are fixed in accordance with scientific calculations; they must be paid in advance and, in order to cover deficits at the end of the year, members have to be called

on for supplementary contributions. Consequently, it is impossible to form reserve funds, and besides, from the first, the parties concerned have shown themselves averse to such formation, fearing to risk their money in the hands of little scrupulous employees. As to reinsurance, it is almost unknown here. We may add that the methods of bookkeeping and of control formerly employed, and often even to-day, are very primitive. On the other hand, the management is generally little costly, which is an advantage for small associations as compared with large, and has rendered it difficult, if not impossible, for Danish or foreign societies limited by shares to compete against these associations.

By the side of the small local associations more important ones have gradually been founded, better organized, but almost all on mutual principles. Nevertheless, these societies, thanks to their extension and their better organization, presented certain advantages: less variable premiums, more important guarantees, scientific graduation of premiums, according to the risk, etc. The consequence was that these societies had an advantage over the others. Let us mention the "*Danmark*" (division for insurance of personal estate), the "*Dansk Forsikrings Forening mod Stormskade*" (Danish Storm Insurance Society), the Livestock Insurance Societies, "*Kustos*," "*Pan*," etc., of which we shall speak specially in the following section.

A single branch of insurance, that is to say fire insurance, has developed under special conditions, thanks to the intervention of the State, which, at the start, regulated its development by special laws.

§ 1. *Fire Insurance.*

(A) *Real Estate Insurance.*

The oldest fire insurance society in Denmark, "*Den almindelige Brandforsikring for Landbygninger*," was founded in 1792. The end of the 18th century was a period of extensive agricultural reforms in Denmark. A result of the abolition of collective property, the division and restriping of the various holdings, and the depopulation of the villages, was the appearance of many large agricultural buildings; favouring the formation of the above society.

In old days the Government sometimes came to the aid of sufferers by fires, by exempting them from taxation or granting them subsidies from the royal bank or collected by subscription.

However, in the first half of the 18th century there were already some rudimentary fire insurance societies, the members of which bound themselves to mutual assistance in case of disasters. Let us, however, say that at that date such agricultural insurance societies were exceptions. "*Den*

almindelige Brandforsikring for Landbygninger” (The General Agricultural Fire Insurance Society) was founded as a State monopoly without it being however obligatory to insure rural buildings in it. Buildings in towns where there were already insurance societies of the kind were, on the contrary, subject to such obligation. The supreme management of fire insurance was in the hands of the Government, which acquitted itself of the duty with the utmost severity. In spite of repeated criticisms and many proposals of reform, a tariff with a classification of premiums was only introduced in 1857. The premiums remained long at the rate of 2 ‰ for every class of risks.

In 1872, the association was transformed into a private mutual society, the members of which were jointly and severally liable and which was managed by a board of management, while subject to the supervision of the Department of Justice. It was laid down by law that the insurance should extend to all buildings, public or private, built of difficultly inflammable material; the rights of mortgagees were also guaranteed by the insurance; in fact extinction of the insurance was only permitted with the consent of the mortgagees. Capital belonging to minors and to public institutions might be invested in mortgages on rural buildings insured with the society, which in its turn had right of legal mortgage up to the amount of the unpaid premiums. By virtue of these provisions and others similar, the society effectually had a monopoly for a long period.

When the society in question was founded in 1792, it began work with an insured capital of 25 millions of crowns, handed over to it by other institutions. 50 years later this amount had increased tenfold and to-day it has increased a hundredfold. The following figures show its progress during the century:

| Year | About |
|----------------|-------------------|
| 1800 | 50 million crowns |
| 1825 | 215 „ „ |
| 1850 | 300 „ „ |
| 1875 | 900 „ „ |
| 1900 | 1,900 „ „ |
| 1910 | 2,500 „ „ |

These figures show the immense development of this insurance institution in the last century. Such progress is due, first of all, to the increase in the number of the insured; we may, in fact, conclude that almost all the farms were already insured by the middle of last century. With regard to the figures mentioned we must further observe, that, although the rural villages have been in part incorporated in towns or have become independent centres, the buildings composing them are still insured with

" *Den almindelige Brandforsikring for Landbygninger* " (General Agricultural Fire Insurance Society). On the other hand, later on, other societies were formed for the insurance of buildings scattered in the country, and we shall speak of them hereafter.

To give point to our remarks on the society in question which still maintains its predominant position, we refer the reader to the following table giving statistics for the last few years.

| Years | Amount Insured — 1,000 crowns | Members' Contributions, 1,000 crowns | Contributions % of the Amounts Insured | Losses caused by Fires — 1,000 crowns | Losses expressed as % of the Amount Insured | Reinsurance, percentage of the Amount Insured |
|-------------------|-------------------------------------|--|--|--|---|---|
| 1901-02 | 1,982,766 | 3,766 | 1.88 | 3,047 | 1.54 | 9.5 |
| 1902-03 | 2,052,347 | 3,297 | 1.61 | 2,689 | 1.31 | 9.9 |
| 1903-04 | 2,128,934 | 3,193 | 1.50 | 2,843 | 1.33 | 10.1 |
| 1904-05 | 2,202,346 | 3,398 | 1.54 | 3,149 | 1.43 | 10.4 |
| 1905-06 | 2,272,976 | 3,537 | 1.56 | 2,820 | 1.24 | 8.9 |
| 1906-07 | 2,327,608 | 3,572 | 1.53 | 4,273 | 1.84 | 2.5 |
| 1907-08 | 2,420,498 | 3,906 | 1.61 | 3,077 | 1.27 | 2.8 |
| 1908-09 | 2,432,276 | 3,590 | 1.48 | 4,834 | 1.99 | 2.9 |
| 1909-10 | 2,457,769 | 4,398 | 1.83 | 3,588 | 1.46 | 4.9 |
| 1910-11 | 2,507,570 | 4,418 | 1.76 | 4,361 | 1.74 | 5.0 |
| Average | 2,278,509 | 3,708 | 1.63 | 3,468 | 1.52 | — |

From this table we see that the average losses in the last ten years were 1.52 % of the amount insured. In the two preceding decades they were 1.46 and 1.58 %, and when we go further back for the two periods of five years, 1854-1858 and 1859-1863, they were respectively 1.94 and 1.59 %. The contributions paid were, on an average, during the years 1901-1910, 1.63 % of the amount insured. We may further remark in the above table that the members' contributions vary appreciably from year to year, both absolutely and relatively, and after a year of heavy losses they have to be raised for the ensuing year. This is due to the fact that the society generally asks too low premiums so that it is continually obliged to make supplementary levies and also that it has not been possible to form

a reserve fund to which to have recourse in bad years. Reinsurance is but little resorted to.

The internal organization of the Society no longer corresponds to the requirements of to-day, especially when compared with other large insurance institutions managed in a more scientific fashion.

One of the principal defects is in the mode of forming the board of management: its members have great importance and yet are most frequently chosen from among the large proprietors who are not at all competent in matters of fire insurance. Another defect is frequently urged against it in reference to the premiums: it is that these are too low for the larger risks and too high, on the contrary, for small farms scattered about in the country. For this reason rival societies have been founded, especially for these latter risks; in order to overcome this competition the value of the buildings insured has been calculated at too high a figure. (Experts estimate that this valuation on an average exceeds the real value of the property insured by 30 %: See on this subject "Landstingets Forhandler" of 1910-1911; (Discussions in the Lower House, 1910-1911). Besides, disproportionate compensations have been paid and it is easy to understand that this may lead to criminal fires. To overcome competition, the other societies, in their turn, have been obliged to follow the example set. These circumstances have rendered agricultural fire insurance in Denmark very difficult and have excited much criticism.

Nevertheless, "Den almindelige Brandforsikring for Landbygninger" is still a giant among the other insurance institutes of this character. The first rival societies appeared about 1850. The object of one was the insurance of agricultural buildings in the department of *Thisted*; of a second, that of the small farms of *Nørre-Jylland* (North Jutland). These two societies took the form of mutual societies and also insured personal estate. The value of the rural buildings insured by each of these two societies, about 1880, did not exceed 20 million crowns. The privileges of the previously mentioned powerful society, and the great difficulties and formalities in connection with the retirement of its members, had constituted a virtual, if not a legal, monopoly in its favour. This condition of things did not cease until 1889, when it was established by law that landed property insured in other mutual societies for the insurance of real estate should enjoy the same rights in respect to the property of minors and of public institutions. In addition, the law granted these same societies right of legal mortgage on premiums paid, a right immediately second to that of the treasury for unpaid taxes. Naturally, the enjoyment of these rights was subject to certain conditions: the societies were to submit themselves to the supervision of the Minister of Justice: the value insured by them was to be at least 20 millions at the date of their foundation; further, they were to undertake to form, within the first three years, a reserve fund corresponding to the fifth of the value insured.

As a result of this law, the following societies were founded in addition to the two already mentioned: in 1890, the "Östifternes Brandforsikring for mindre Landbygninger" (Insular Dioceses' Fire Insurance Society, for Small Agricultural Buildings); in 1906, "Forsikringsselskabet c Vermund" ("Vermund" Insurance Society); in 1908, the "Danske Grundejeres Brandforsikring" (Danish Agricultural Proprietors' Fire Insurance Society) and the "Husmandsbrandkassen" (Fire Insurance Society for Small Holdings). The first three transact business both in town and country; the last is the result of farmers' efforts for the protection of their own interests by the foundation of institutions of their own. This society is intimately connected with the other agricultural organizations. We show in the following table the amounts insured by each of the above societies.

Amount of Value Insured (in Millions of Crowns)

| | 1909 | 1910 | 1911 |
|--|---------|---------|-----------|
| <i>Alm. Brandforsikring (1).</i> | | | |
| General Agricultural Fire Insurance Society | 1,620.1 | 1,645.9 | 1,692.4 |
| <i>Mindre Landejendomme i Nørre-jylland.</i> | | | |
| North Jutland Peasant Proprietors' Fire Insurance Society | 161.6 | 138.3 | 134.1 |
| <i>Thisted Amts.</i> | | | |
| Fire Insurance Society for the Rural Properties of the Department of Thisted | 33.8 | 34.4 | 35.8 |
| <i>Östifternes (1).</i> | | | |
| Insular Dioceses' Agricultural Fire Insurance Society for Small Buildings | 354.0 | 361.5 | 374.5 |
| <i>Vermund (2).</i> | | | |
| "Vermund" Insurance Society | — | 24.6 | 33.5 |
| <i>Danske Grundejere.</i> | | | |
| Danish Landholders' Fire Insurance Society | 20.0 | 54.9 | 73.3 |
| <i>Husmandsbrandkassen.</i> | | | |
| Fire Insurance Society for Small Holdings. | 67.0 | 87.8 | 123.1 |
| Total . . . | 2,256.5 | 2,347.4 | * 2,466.7 |
| (1) Excluding urban properties. (2) Including urban properties. | | | |

In 1910 the insurance premiums for rural buildings amounted to a total of about $3\frac{1}{4}$ or $3\frac{1}{3}$ million crowns, with an average premium of about $1\frac{1}{2}$ crown $\%$. For the better information of the reader with regard to the premium tariff we reproduce below the existing tariff of "Den alm. Brandforsikring for Landbygninger" (See page 64). As a result of competition, the premiums in the other societies are almost the same or differ slightly from these. The figures we give express in "öre" (0.14 fr.), the tariff rate per 100 crowns of the sum insured; the premiums actually paid, including special premiums, were, on an average, from 10 to 30 % higher in recent years. The figures in parentheses indicate the amount of premiums in accordance with the new tariff, published September 16th, 1911, which came into force on April 1st, 1912.

Insurance Premiums Paid on Buildings used for Dwellings, for Live-stock Improvement or Trade exposed to no Danger of Fire by their Character.

| INSURED VALUE | Buildings least Exposed to Fire, not intended for holding forage or wood | Buildings with fire proof roof, for holding forage or wood | Thatched Buildings | |
|--------------------|--|--|--------------------------|----------------------|
| | | | Far from other Buildings | Near other Buildings |
| 0 to 8,000 crowns. | 4 to 5 (4 to 5) | 10 (10) | 16 (16) | 20 (20) |
| 8,001 » 16,000 » | 4 to 5 (4 to 5) | 10 (10) | 18 (20) | 22 (28) |
| 16,001 » 24,000 » | 4 to 5 (4 to 5) | 10 (10) | 22 (24) | 28 (34) |
| 24,001 » 30,000 » | 6 (6) | 14 (14) | 36 (44) | 36 (50) |
| 30,001 » 40,000 » | 6 (8) | 14 (20) | 36 (52) | 36 (56) |
| 40,001 » 100,000 » | 8 (8) | 20 (24) | 56 (76) | 56 (76) |

For buildings for manufacturing purposes, exposed to great risks the premium may be 20 $\%$.

As to the amount of the losses occasioned by fire and their causes, we reproduce below some data from the statistical table prepared by the "General Agricultural Fire Insurance Society." The figures for the total insurance are naturally higher ($\frac{1}{4}$ to $\frac{1}{3}$). We have not the material necessary for more general statistics. The following table shows the aver-

age annual amount of loss and the number of fires for the last five years. Naturally urban buildings are excluded.

| Cause | Number of Fires | | | Amount of Damage — crowns |
|--------------------------|-----------------|----------|-------|------------------------------------|
| | known | supposed | total | |
| Malice | 22 | 38 | 60 | 559,000 |
| Negligence | 181 | 47 | 228 | 813,000 |
| Defective Construction . | 68 | 64 | 132 | 442,000 |
| Lightning | 121 | 4 | 125 | 328,000 |
| Other Causes | 95 | 51 | 146 | 800,000 |
| | — | — | — | — |
| Total | 487 | 204 | 691 | 2,942,000 |
| Unknown | — | — | 139 | 905,000 |
| | == | == | == | == |
| Total | — | — | 830 | 3,847,000 |

We shall give some further information which will provide a more exact idea of Danish Insurance of Buildings. As ordered by the 1903 law on the land tax, the local councils entrusted with the valuation of landed property for the purposes of the above tax, have shown in their reports for the year 1904 and later for that of 1909, the total value of each holding as well as its insured value. The material was collected by the Statistical Bureau which has recently published the results of the work of valuation of holdings subject to landtax on the 1st July, 1909 (Copenhagen, 1911).

| Holdings | | Total Value — crowns millions | Insurance — crowns millions | Insurance as percentage of Value — |
|------------------------|---------|---|--------------------------------------|---|
| In the capital . . . | 18,437 | 1,724 | 1,266 | 73 % |
| In provincial towns. | 63,462 | 964 | 732 | 76 % |
| In rural districts . . | 310,300 | 3,422 | 2,121 | 61 % |
| In the whole country | 392,199 | 6,110 | 4,119 | 97 % |

To show more clearly the proportion for the agricultural districts we give the following figures:

| | Landed Properties — | Total Value — Millions | Insurance — Millions | Insurance as percentage of Value — |
|------------------------|---------------------------|---------------------------------|----------------------------|---|
| Farms of a value of | | | | |
| over 50,000 crowns | 4,758 | 522.7 | 279.7 | 53 % |
| from 20 to 50,000 crs. | 32,660 | 967.2 | 481.2 | 50 % |
| from 8 to 20,000 crs. | 48,987 | 605.3 | 352.2 | 58 % |
| below 8,000 crowns . | 92,156 | 406.2 | 264.4 | 65 % |
| Small Holdings, Dwel- | | | | |
| ling houses. . . . | 108,033 | 575.6 | 537.7 | 92 % |
| Mills, Dairies, Fac- | | | | |
| tories | 4,545 | 107.7 | 106.6 | 99 % |
| State and Communal | | | | |
| Properties. | 8,175 | 101.7 | 93.7 | 92 % |
| Forests | 1,223 | 95.0 | 5.5 | — |
| Building Lots | 9,763 | 30.6 | — | — |
| Total | 310,300 | 3,422.0 | 2,121.0 | 61 % |

If the total value insured is a little lower than that in the table reproduced above (page 67) for the various societies for the year 1909, this is because the valuation of land property subject to the land tax does not include the insured value of private railway stations and churches, etc., representing about 65 million crowns. We have already said that the first table to some extent includes figures relating to urban landed property. State railway Stations, constructions on wharfs, etc., are exempt from land tax and the State provides for their insurance by a special open credit or on the Estimates of Expenditure; consequently the data for these various buildings do not appear in the preceding table. The insurance amount, as appears from these statistics, is out of proportion in the case of certain groups of landed properties, especially such as are connected with industrial business. For dairies, for example, it is found that the insured amount is a third higher than that fixed at the date of valuation. With regard to large rural estates, the most important contain immense buildings, often of historic character, the insurance of which is very costly.

(B) *Personal Estate Insurance.*

The distinction between rural and urban risks is far more difficult in the case of insurance of personal than in that of real estate.

There are really various societies specially insuring it in the country whilst the field of action of others is limited to the towns. Yet it is impossible to divide the business of these societies exactly into rural insurance and urban insurance.

The oldest Danish societies insuring personal estate are: "*Det Kgl. octroierede Kjøbenhavnske Brandassurance-Kompagni for Varer og Effekter*" (Royal Copenhagen Society for Fire Insurance of Merchandise and Bills), which was founded in 1778, with a monopoly of insurance in the capital, a monopoly lost about 1850; and "*Det Kgl. octroierede Almindelige Brandassurance Kompagni*" (General Royal Insurance Company) formed in 1798, with right to insure outside the capital, but not enjoying a true monopoly. This society was, however, favoured by the authorities. Being, in the first half of the century, in direct relations with the Government, it worked in a rather bureaucratic fashion, to the point of assuming towards the population the position of a superior authority. The society passed through several critical periods, caused by the financial crisis at the beginning of the century, by the separation of Norway from Denmark in 1814 and by the high percentage of its losses. In the course of the first twenty years of its activity the amount insured by it was about 10 million crowns, only about the half within the present limits of the Kingdom. It is besides probable that during this unpropitious period for agriculture, but a small proportion of the amounts insured represented agricultural personal estate. The total amount insured in 1830 was about 15 million, in 1840 32 million and in 1850 50 million crowns.

Up to about 1830, this society was the only one engaged in this branch of insurance. The awakening of the spirit of freedom at that date aroused a sentiment of solidarity among the people; besides, there had gradually been formed a current of opposition to the Royal Insurance Company, a current further strengthened by circumstances extraneous to insurance.

These reasons caused the apparition of a number of small mutual societies, insuring personal estate against fire, some of which were confined to a parish or two; others had a more extensive field. However, almost all were founded on unscientific bases and, therefore, were incapable of affording real protection against serious loss. The number of these institutions in 1850-1860 was about 150. Nothing definite is known of their work and their field of action.

The mutual principle that the population had learnt to appreciate, and the pecuniary advantages offered by these societies, which, however, suffered by being too small, gave rise to the idea of a large mutual society.

for the whole country. This society was actually founded in 1861 under the name of "Danmark." In spite of obstacles encountered in its early years which obliged it to levy large supplementary premiums, the society made great progress, thanks to the adherence of various smaller ones then existing. It started with an insured amount of 60 million crowns, in 1862; in 1872 this had become 131 millions; in 1882, 283 millions; in 1892, 437 millions and in 1902, 779 millions. This society had a premium system both more scientific and more in relation to the nature of the fire risks than that of the small societies, from which on this account it drew away many excellent customers, to the point of rendering their position intolerable. The "Danmark" transacted business, both in town and country, (as well as in Slesvig); it, however, founded a specially agricultural institution, when the "Kgl. octroierede almindelige Brandassurance Kompagni" (General Royal Fire Insurance Company), which, in 1891 united with the Copenhagen Company of which it had been a powerful rival after the abolition of the monopoly in 1863, had become rather an insurance society against urban risks. The same may be said of the Societies limited by shares, "Nye Danske" (New Danish Society) and "Nordisk Brandforsikring," founded the first in 1864 and the second in 1871, of which we shall not speak here.

As to the numerous local mutual societies, founded, as we said above, in the middle of the last century, there are still at least 70, of which some, it is true, do business only in towns or in towns and country.

To give the reader an idea of the work of the above societies in recent years, we reproduce here some data from the statistical returns.

| Years | Amount Insured (millions of crowns) | Amount of Losses (1,000 crowns) | Premiums (1,000 crowns) | Interest (1,000 crowns) | Holdings (1,000 crowns) |
|---------------------------|--|------------------------------------|----------------------------|----------------------------|----------------------------|
| 1901 | 1,400 | 1,300 | 1,315 | 175 | 4,000 |
| 1902 | 1,416 | 1,481 | 1,346 | 167 | — |
| 1903 | 1,457 | 1,520 | 1,472 | 168 | — |
| 1904 | 1,517 | 1,373 | 1,511 | 163 | — |
| 1905 | 1,525 | 1,608 | 1,605 | 165 | — |
| 1906 | 1,573 | 1,771 | 1,746 | 163 | — |
| 1907 | 1,636 | 1,538 | 1,692 | 173 | — |
| 1908 | 1,696 | 1,805 | 2,062 | 183 | — |
| 1909 | 1,692 | 1,785 | 2,049 | 190 | — |
| 1910 | 1,717 | 1,803 | 1,884 | 193 | 4,500 |
| Average (1901-1910) . . . | 1,563 | 1,598 | 1,668 | 174 | — |

The 70 local mutual societies in question, included in the table have, therefore, a total insured value of 1,700 million crowns. The amount of losses is on an average about 1 per 1000. The percentage of premiums is a little higher. The capital of the societies is little considerable, and is divided very unequally amongst them, 10 of them possessing more than half; and the greater part of these transact business especially in the towns. Therefore the interest received is very little. On the other hand, most of the societies have small working expenses, which allows of their paying almost the whole amount of premiums (about 95 %) in compensations as is shown by the figures for the last ten years.

The sphere of action of the societies of which we have spoken varies very greatly. In a certain number of cases it is only a parish or a commune; in others it extends to a whole arrondissement and even beyond; these societies insure small farmers, day labourers, etc. One society limits itself to a special profession: that of schoolmasters.

The societies may be divided as follows, according to the amounts insured by them:

| | | |
|--|-----------|------|
| Insured value less than 5 million crowns | • • • • • | 13 % |
| „ „ between 5 and 10 million crowns | • • | 19 % |
| „ „ „ 10 and 30 „ „ | • • | 42 % |
| „ „ „ 30 and 50 „ „ | • • | 16 % |
| „ „ „ above 50 „ „ | • • | 10 % |

It is natural that the societies insuring personal estate that have an insured value of less than 10 million crowns should be subject to considerable variation from year to year, both as regards the number and the amount of their losses. Thus, most of these societies might find themselves in a critical position, if they were not able to recur to the joint and several liability of their members and to cover their losses by means of supplementary levies.

The societies at present existing do not date from earlier than 1830; most of them were founded between 1840 and 1860.

As the right of founding insurance societies is unrestricted in Denmark (except in the case of life-insurance), small societies are still founded but the competition of the older and more substantial societies generally shortens their existence, restricting their activity.

Besides the societies of which we have spoken: “*Det Kgl. octroierede almindelige Brandassurance-Kompagni*” and “*Danmark*,” and the small societies, several of the fire insurance societies for real estate (mentioned in the previous chapter), also insure rural personal estate, on a large scale, so that we must deal with them here.

Except the "Husmandsbrandkassen" (see the table, p. 67) these societies began with the insurance of personal estate, to undertake later that of buildings. The insurance society "*Mindre Landejendomme i Nørre Jylland*" (Fire insurance society for the personal estate of the North Jutland peasant proprietors) was founded in 1851. The amount (of personal estate) insured by it is 230 million crowns. The amount of premiums collected by it in the last ten years was on an average 294,000 crowns; that of the losses, 240,000 crowns. The society has its headquarters at Aarhus.

The "Vermund" Society, founded in 1904 at Randers, has now insured a total value of personal estate, of about 70 millions. The "*Danske Grundejeres Brandforsikring*" (Danish Land Owners' Fire Insurance Society), founded in 1908, insures personal estate for about the amount of 30 million crowns.

Finally, the "*Husmandskassen*" (Peasants' Society), also founded in 1908, has insured about 65 million crowns worth of personal estate.

As these latter societies have had but a very short existence, we have as yet no precise statistics of their premiums and losses.

It is very difficult to form a general idea of the extent to which rural personal estate is insured. We know from official sources (see Parliamentary Proceedings, 1910-1911, page 334), that the personal estate insured is calculated at 2,400 or 2,500 million crowns. We may suppose that the figures are arrived at as follows:

| Societies — | Total Risks (millions of crs) — | Agricultural Risks Approximate Calculation (millions of crowns) |
|---|---------------------------------------|--|
| General Royal Fire Insurance Company for Personal Estate (<i>Kgl. Octroierede</i>) . . . | 470 | 100 |
| Personal Estate Section of the " <i>Danmark</i> " Fire Insurance Society | 900 | 500 |
| Local Mutual Societies | 1,750 | 1,550 |
| Personal Estate Sections of 4 small Fire Insurance Societies | 395 | 350 |
| Total | 3,515 | 2,500 |

If we wish to examine more closely the nature of the agricultural risks included in the total amount of 2,500 million crowns, in this case also we have only very approximate data to guide us.

To calculate the value of the animals and agricultural material we must consult the statistical data for rural sales; according to these, the value may be fixed at 700 million crowns; the amount for annual crops insured

varies probably between 500 and 700 million crowns; there then remain from 1,000 to 1,200 million crowns for agricultural machinery and plant, as well as for rural commercial stores. We repeat, however, that these figures must be considered as approximate.

By law of May 13th, 1911 instituting a special State Police Service, a tax was imposed of 1 crown per 100,000 crowns, insured outside the capital (that is to say, outside Copenhagen and the adjacent communes) with a view of partly covering the expenses of this police service. The new institution was established at the request of various fire insurance societies; and the object of this supervision is specially to prevent criminal fires in the country and to stop vagrancy, etc. This tax met with opposition from a large number of the parties interested, who claimed a right to legal protection, without paying for it. This tax is but a very slight burden for the societies to bear. Let us add that its collection may lead in the future to the preparation of more complete fire insurance statistics especially for the rural districts.

§ 2. *Storm Insurance.*

There is a very close relation between storm insurance and fire insurance the amounts insured being the same; the difference is in the cause which is here limited to storms.

This class of insurance, in general little practised in other countries, has in recent years assumed great importance in Denmark, where great destruction is often caused by wind. (In fact, there are, on an average, 35 storms a year, both local and general, of a duration of two days). The country population is accustomed to this and ready to associate for their mutual interests, as is shown by the various kinds of insurance associations to-day existing.

It is only within the last fifteen years that storm insurance has been undertaken in Denmark. This branch of insurance has developed as follows in recent years.

The first local associations were gradually absorbed, by those that had a more extended field of action, as was natural enough when we consider that the losses, though relatively rare, often present the character of catastrophes affecting at one time a whole province. It has sometimes been observed that disastrous storms have contributed to the formation of insurance associations, as well as to the increase of the number of their members.

The first storm insurance societies were founded in 1896, by some farmers of the diocese of Funen. In 1899, three other societies arose, of which one undertook the insurance of agricultural buildings in the in-

sular dioceses (" *For Landbygningeri Östifterne* "), and especially in South Zealand; the second, in the diocese of Zealand (" *Sjællands Stift* ") and the third, insuring the rural and urban buildings of the department of Laaland (" *For Land og Købstadsbygninger paa Lolland* "), etc. The action of this last society extends to the Southern islands (Laaland, Falster and Möen).

Some years later, a violent tempest, which raged throughout the whole country during the last days of the year 1902, rekindled the interest of the population in this class of insurance. An associaton was soon formed, including in its sphere the department of Ribe and others in its neighbourhood and a second, for Veile (both of these in South Jutland). Later on, the latter united with a society which early made great progress, the " *Dansk Forsikringsforening mod Stormskade* " (Danish Storm Insurance Association). This society began operations in 1903 in Jutland but extended its general work to the whole kingdom, after founding in 1904 a general branch for the islands. The headquarters of this Society have always been Aarhus (Central Jutland).

The Danish Millers' Associaton (" *Dansk Möllerforening* ") founded a special insurance society, and the association already mentioned in the preceding section, the " *Mindre Landejendomsbesidderes Brandforsikring* " (Peasants' Fire Insurance Society) added a new section for insurance of farm buildings in the Northern Provinces of Jutland against storms. Some Jutland peasants then formed an association for the insurance of their properties.

In 1904 another associaton was founded under the name of " *Ly* " (shelter), which successfully transacted insurance business throughout the whole territory, in spite of the numerous criticisms it excited at the commencement of its work.

In the following table, which shows the progress made by each of these societies, in the years 1903, 1906, 1909, we summarise the results of storm insurance in Denmark.

| Societies | Insured value (in millions of crowns) | | |
|---|--|--------|--------|
| | 1903 | 1906 | 1909 |
| 1. — Diocese of Funen Storm Insurance Association (<i>Stormskadeforeningen for Fyens Stift</i>) | 20 | 37 | 48 |
| 2. — Laaland-Falster Diocese.... Association (<i>Lolland-Falster m. v.</i>) | 13 | 20 | 29 |
| 3. — Insular Dioceses.... Association (<i>Østifterne</i>) | 16 | 24 | 29 |
| 4. — Zealand Diocese.... Association (<i>Sjællands Stift</i>) | 9 | 19 | 24 |
| 5. — Department of Ribe.... Association (<i>Ribe</i>) | 1 | 2 | 2 |
| 6. — Millers' Storm Insurance Association (<i>Møllerforeningens Stormskadeforening</i>) . . | 0,5 | 0,5 | 0,5 |
| 7. — Danish Storm Insurance Association (<i>Dansk Forsikringsforening mod Stormskade</i>) | 75 | 201 | 299 |
| 8. — North Jutland Storm Insurance Association (<i>Stormskadeforeningen Nørre-Jylland</i>) . | 12 | 19 | 19 |
| 9. — Jutland Peasants' Association (<i>For jydsk Husmand</i>) | — | 5 | 6 |
| 10. — "Shelter" Insurance Association (<i>Forsikringsforeningen "Ly"</i>) | — | 48 | 114 |
| Total | 147 | 376 | 571 |
| Number of members | 29,000 | 70,000 | 96,000 |

The total value insured in 1909 (571 million crowns, including some urban buildings), corresponds to a fifth of the total value of buildings calculated on the basis of the amount insured against fire in the whole kingdom. In 1902 the amount insured was only 67 million crowns; we see how it has increased from year to year. It is seen from the above table that the two associations for the whole kingdom, which in 1906 insured 2/3rds of the total risks, in 1909 insured 3/4ths.

The number and amount of the losses vary greatly with the society and the year. The risk may be calculated on an average at 11 crowns per 100,000 of the amount insured. Losses below 100-150 crowns are generally not compensated. The amount of the premiums is on an average 20 crowns per 100,000 crowns (that is, 1/5th per thousand) of the amount insured. The difference between the premiums and the compensations is kept for the reserve fund and for working expenses.

In addition to the premiums, a certain entrance fee is paid, varying with the societies, for example, 1 crown per policy or 1 *ore* per 100 crowns insured. In the small societies the premium tariff is the same for every kind of risk. Still the great "Dansk Forsikringsforening mod Stormskade" (Danish Storm Insurance Association) has established a more scientific graduation of premiums. Windmills always pay the highest premium (up to 5 % of the amount of insurance). Altogether, this branch of insurance collects every year about 250,000 crowns. We shall give here some figures taken from the balance sheets of the most important association the "Dansk Forsikringsforening mod Stormskade."

The association has two divisions, the first (A) for ordinary dwelling houses, the other (B) for mills and other buildings offering the greatest risks.

The credits and debits of each of these branches of insurance, as shown in their balance sheets, are given below.

| Section A | Premiums collected (crowns) | Interest (crowns) | Claims Paid (crowns) | Working Expenses etc. (crowns) |
|-------------------|-----------------------------------|----------------------|----------------------------|---|
| 1903/04 | 37,487 cor. | 58 cor. | 954 cor. | 11,475 cor. |
| 1904/05 | 59,004 » | 403 » | 13,455 » | 19,232 » |
| 1905/06 | 65,320 » | 189 » | 44,896 » | 22,814 » |
| 1906/07 | 76,381 » | 453 » | 15,340 » | 25,954 » |
| 1907/08 | 82,720 » | 957 » | 21,065 » | 39,121 » |
| 1908/09 | 80,119 » | 1,486 » | 26,062 » | 37,694 » |
| 1909/10 | 112,160 » | 469 » | 89,308 » | 38,249 » |

In section B the total premiums increased in the last seven years by 54,400 crowns; the losses by 33,000 crowns and the working expenses by 16,500 crowns.

As appears from the total figures of section A, the losses were very high in the last working year (1909-1910). This was due to a violent storm devastating the North of Jutland in 1910, which for the first time put the society in the necessity of requiring from its members the payment of

supplementary premiums, which were levied on the farmers in proportion to the risks insured during a certain number of years (1)

§ 3. *Hail Insurance.*

This branch of insurance was introduced into Denmark in 1864, that is long after its appearance in Germany, Austria and other countries.

Yet it has developed very considerably in fifty years. It is only concerned with the damage to agricultural plants, cereals and tubers through hail during their growth and at harvest time. Consequently it is purely agricultural. The business is transacted exclusively by mutual associations. Contrary to what occurs in other countries, no society limited by shares has concerned itself with this class of insurance, either for the calculation of premiums, or for the regulation of claims. We give below statistics for 14 societies, arranged according to the date of their foundation. Only the last, "Vermund," transacts business in every part of the kingdom. It is a section of the fire insurance society of the same name mentioned above. All the other societies are local as appears from their titles and are independent.

(1) In 1911, a storm lasting three days and three nights caused this society a loss of 100,000 crowns in 1,600 claims.

Hail Insurance Societies in Denmark.

| NAMES | Date of Foundation | Number of Contracts | Amount Insured — millions of crowns |
|---|-----------------------|------------------------|---|
| (1) Diocese of Funen Hail Insurance Society (<i>Hagelskadeforsikrings-Forening for Fyens Stift</i>) | 1864 | 12,000 | 27.0 |
| (2) North Jutland Hail Insurance Association (<i>Hagelskadefors. Foren. for Nørre Jylland</i>) | 1866 | 17,000 | 46.0 |
| (3) Insular Dioceses' Hail Insurance Association (<i>Hagelskadefors. Foren. for de danske Østifter</i>) | 1872 | 8,000 | 30.0 |
| (4) Hail Insurance Association of Prestoe and other Prefectures. (<i>Hagelskadefors. Foren. for Præstø m. fl. Amt.</i>). | 1872 | 10,000 | 22.0 |
| (5) Laaland-Falster Insurance Association (<i>Hagels. Foren. for Lolland-Falster</i>) | 1876 | 1,800 | 4.0 |
| (6) Peasants' Insurance Association of the Diocese of Zealand Stift (<i>Hagels. f. mindre Jordbrugere i Sjællands Stift.</i>) | 1877 | 12,000 | 24.0 |
| (7) East Jutland Ass. (<i>Østjydske Hagelskadeforening</i>) | 1881 | 7,000 | 16.5 |
| (8) Association of the Ringkjøbing Prefecture (<i>Hagelskadeforsikrings-Forening i Ringkjøbing Amt.</i>) | 1884 | 1,500 | 3.5 |
| (9) Ass. of the Pref. of Randers, etc. (<i>Hagelskadef. for Randers Amt. m. v.</i>) | 1887 | 1,500 | 3.5 |
| (10) Vendsyssel Ass. (<i>Hagelskadefors. for Vendsyssel</i>) | 1888 | 2,000 | 6.0 |
| (11) Ass. of the Pref. of Aalborg (<i>Hagelskadef. for Aalborg Amt.</i>) | 1893 | 2,000 | 5.0 |
| (12) Ass. the of Pref. of Ribe. (<i>Hagelskadef. for Ribe Amt.</i>) | 1902 | 1,600 | 2.4 |
| (13) Jutland Small Holders Ass. (<i>Hagelsk. for mindre Ejde. i Jylland</i>) | 1903 | 1,100 | 1.1 |
| (14) Vermund | 1904 | 1,600 | 2.5 |

The amount insured may be estimated in its entirety at 194 million crowns, 108 millions for the islands and 86 for Jutland. It is known that

the amount of insurance is based on the average value, and verified by the crop. It may be fixed at between 250 and 300 crowns per hectare for the islands and at 200 crowns for Jutland. It is then possible to estimate the extension this insurance has taken by reference to the area that can be insured.

Extension of Hail Insurance in Denmark:

| | Total area cultivated in cereals and tubers — | Insured Area — (hectares) | Amounts Insured | |
|---------------|---|---------------------------------|------------------|----------------------|
| | | | per hectare — | total — |
| Islands . . . | 700,000 hect. | 400,000 | 250 to 300 | 108 mill. of crowns |
| Jutland . . . | 860,000 » | 430,000 | 200 | 86 » |
| Total . . | 1,560,000 hect. | 830,000 | — | 194 mill. of crowns. |

From these figures it appears that at present, in Denmark, 55 % of the total area cultivated in cereals and tubers is insured. The figures are a little higher for the islands than for Jutland. But as all the recently founded societies belong to the latter province, we may expect to see this branch of insurance make rapid progress in Jutland. In it as well as in storm insurance, the losses are very variable. In 1908 they were, for all societies, 369,000 crowns, in 1909, 223,000 crowns and in 1910 78,000 crowns. In these three years the percentage of loss was, on an average, 1.2 % of the amount insured. We have no precise data as to the distribution of losses relatively to the area insured. The damage done may be limited, but may at the same time affect a large area. It is therefore important for the insurance associations not to have too restricted a sphere of action, as is the case with many associations at present existing.

The premiums are calculated in proportion to the amount of losses verified in the course of a year. They are generally paid in advance in a lump sum of 5, 10, 20 *öre* per 100 crowns (that is $\frac{1}{2}$, 1, or 2 % of the amount insured). If the amounts recovered are insufficient, the deficit is made up by supplementary levies from the members. The total amount paid by the members of all the associations in 1908 was 416,000 crowns, in 1909 270,000 crowns, and in 1910 130,000 crowns or on an average from 14 to 15 *öre* per 100 crowns (that is from 1.4 to 1.5 % of the amount insured).

The capital of the associations, in its entirety, amounts to about 350,000 crowns, the half of which belongs to the North Jutland Society and a fifth to another society, so that the capital of the other associations is small.

After what we have stated above, we think it well to mention another projected class of insurance, *insurance against losses through plant diseases*.

As this class of insurance has only reached a preparatory stage in Denmark, we can only deal with it later. *Frost Insurance*, which is practised in Sweden, has not as yet, so far as we know, been tried in Denmark where also the need of it is not sufficiently felt.

§ 4. *Livestock Insurance.*

The object of this class of insurance is to compensate for losses through death of domestic animals, by disease, or compulsory slaughter, the decrease of their value through accident, disease, etc. We can give no general rule as to the mode of compensation, or say whether it covers every loss or only certain losses; if, again, it equals in amount the loss sustained or only a portion of it. That depends on the insurance conditions of the various institutions, which in this respect differ considerably from each other. Yet risks through lightning or fire are refused by all the societies.

This branch of insurance is not purely agricultural as many industrial undertakings own horses which they insure, and it is not possible to treat the agricultural risks separately. It is true there are societies that most usually are concerned with horses not employed in agriculture, but they are included in the following figures.

The business of livestock insurance is transacted in Denmark by a large number of small associations, some small mutual societies and a single society limited by shares. There are about fifteen hundred small insurance societies. Their exact number is not known (1). Most of them exclusively transact horse insurance business or exclusively horned cattle insurance business. Others, however, and especially the larger ones insure various kinds of animals; it sometimes happens that we find a horse insurance and a horned cattle insurance society in the same commune and under the same management, but otherwise independent of each other; which largely contributes to make up the considerable number shown above.

An enquiry (2) carried out in 1900 estimated the number of associations at 683; of these, 355 were for the insurance of horses, 218 for that of horned cattle and 110 were mixed associations. 41 were founded before 1850. The work of some of these rival societies began a hundred years ago. 95 appeared between 1851 and 1869, 112 between 1860 and 1870, 178 between 1871 and 1880, 161 between 1881 and 1890, and 96 between 1891 and 1900. In addition to these associations, there were many others, the working

(1) The official statistics fix the number at 1,050; however, the Insurance Manager, A. Bergh, contests the accuracy of these statistics, as the number is much higher, (perhaps 1,600); and the statistical office, in its answer, recognises that there is justification for Bergh's criticism (see "*Forsikringstidende*", December 30th, 1910).

(2) H. WESTERGAARD: *Kreaturforsikringen i Danmark* (Livestock Insurance in Denmark).

of which is ill defined, which had no fixed rules, or systematic bookkeeping, as the amounts paid for compensation of claims were immediately charged against the members. This sort of society was thus supported by the sentiment of solidarity, which ought to animate the inhabitants of the country. Later, these associations assumed better defined forms. The movement towards this change began at the date of the introduction of the new constitution (1849). The years between 1870 and 1880 were very fruitful in foundations of this character but many societies thus founded are very small. Often they have no more than 50 members, especially in the case of horned cattle insurance societies, the members of which are for the most part, peasants. The small societies possess an advantage over the large ones, in that their members can exert an efficacious control over each other, with regard to the care taken of the animals. They are, besides, in a position to estimate their risks more exactly, and to refuse those that seem to them too large; they can also more easily prevent fraud etc.. Among the numerous mutual livestock insurance societies there are some ten which differ from the others in having a wider field of action, extending over a larger area; a department or a whole region and with a fairly large number of members. The oldest of these latter is the "North Jutland Livestock Accident Insurance Society", founded in 1852 with a mixed section for horses and oxen and a special section for bulls. Besides this society, we may mention the "*Foreningen for Fyens Stift*," (1860) (the Funen Diocese Association), the *Lolland-Falster Association* (1872) and the *Bornholm Association* (1878).

There are also some mutual associations transacting insurance business in the whole kingdom. The oldest of these is the Kingdom of Denmark Insurance Society (*Kreaturforsikringsforeningen for Kongeriget Danmark*) founded in 1859. This society, which has served as model for a number of others, differs from these latter in allowing full compensation for the death of an animal, which most of them do not. Although this society has had more than 52 years of existence, it has not developed greatly, above all not in the country. It most often transacts horse insurance business in the towns. There was a scheme to found a special livestock reinsurance section, but it failed, in spite of the great advantage it might have had for many small societies.

The "*Kustos*" was founded in 1881: it is to-day the most important of the livestock insurance societies. It has two sections: (A) for infectious maladies and the loss of two animals and more in one working year. For the first loss suffered the insured only receives 40 % compensation, for others 80%. Sheep and pigs are only included in this insurance section.

Insurance in this class A is compulsory for horses and horned cattle that it is desired to enter in the second class of insurance, (B). This section compensates for any other losses, except such as are due to old age of

the animal, tuberculosis, fire or excessive negligence on the part of the owner.

In the "*Kustos*" a large number of horses and horned cattle are insured, often entire herds; on the other hand, the number of sheep and pigs insured in it is insignificant.

The Society "*Pan*" was formed in 1901; it differs from the other associations, in being a society limited by shares, the capital of which amounts to 505,000 crowns in shares. The tenth of this amount is paid up. The amount insured by the "*Pan*" now ranks third in importance. The "*Pan*" owes its success to the premiums being fixed and settled in advance, contrary to the use of its rival societies. In connection with the two rural mutual fire insurance societies, a few years ago, two livestock insurance societies were founded: the *Cimbria* (1893) and the *Vermund* (1904), which have, however, now ceased working.

The rules of almost all the insurance societies of which we have spoken establish maximum limits for compensation for each kind of animal, (for example, for horses 1,000 to 1,200 crowns). This has occasioned the formation of various insurance institutions for prize stallions and bulls. The customers of these associations are generally not private persons, but livestock improvement associations, possessing one or more animals kept for breeding purposes.

The data in the table following relating to the development of livestock insurance in Denmark, have been, in the case of the small associations, calculated approximately, because neither the researches made (1903) by Prof. Westergaard, nor those of the Statistical Office (published in 1911) were able to provide precise information for the third part or the half of the existing associations. Some of the other data also are only approximate and summary, so that the totals, given in round figures, cannot be expected to correspond exactly with the figures in the columns.

Livestock Insurance in Denmark in 1910.

| SOCIETIES | Horse Insurance | | | Horned Cattle Insurance | | |
|--|-----------------|-----------|----------------------------------|-------------------------|-----------|----------------------------------|
| | Members | Livestock | Amount Insured (in 1,000 crowns) | Members | Livestock | Amount Insured (in 1,000 crowns) |
| "Kreditforsikrings-Forening for Kongeriget Danmark" (Kingdom of Denmark Livestock Insurance society) | 3,800 | 8,500 | 4,418 | 200 | 600 | 133 |
| "Kustos" | 900 | 13,300 | 7,038 | 1,500 | 110,000 | 21,994 |
| "Pan" | 3,000 | 7,300 | 2,901 | ? | 18,200 | 3,371 |
| "Gensidige Forening for Nørre-Jylland" (North Jutland Mutual Insurance Society) | 500 | 1,400 | 725 | 200 | 800 | 135 |
| "Gensidige Forening for Fyens Stift" (Funen Diocese) | 2,500 | 9,000 | 4,598 | 500 | 2,400 | 510 |
| "Gens. F. f. Lunde-Skam Herred" (Lunde-Skam District) . . | 600 | 2,000 | 1,436 | 400 | 2,000 | 437 |
| "Gens. F. f. Aarhus Amt" (Department of Aarhus) | 300 | 700 | 300 | 100 | 300 | 40 |
| "Gens. F. f. Viborg Amt" (Department of Viborg) | 1,100 | 2,800 | 1,000 | 400 | 1,000 | 166 |
| "Gens. F. f. Aalborg Amt" (Department of Aalborg) | 900 | 3,500 | 1,876 | 100 | 500 | 100 |
| "Gens. F. f. Lolland-Falster" (Lolland-Falster Islands) | 3,000 | 9,500 | 4,200 | 2,600 | 9,400 | 1,600 |
| "Gens. F. f. Bornholm" (Island of Bornholm) | 900 | 2,500 | 1,396 | 500 | 1,200 | 295 |
| "Gens F. f. Ulfborg-Hind Herred" (Ulfborg-Hind District) . . | 1,100 | 3,100 | 1,254 | 400 | 1,400 | 239 |
| 4 Stallion Insurance Associations | 1,600 | 1,900 | 4,500 | — | — | — |
| 5 Bull Insurance Associations | — | — | — | 900 | 1,000 | 737 |
| Small local associations (about 1,500) (about) | 75,000 | 235,000 | 112,000 | 30,000 | 100,000 | 19,000 |
| Total | 95,000 | 300,000 | 147,000 | 38,000 | 250,000 | 48,000 |

If we compare the figures for the number of registrations and that of the animals insured with the results of the general livestock census (July 15th., 1909) we find that more than half the horses in Denmark are insured. As to the horned cattle, $\frac{1}{3}$ th of the herds are insured.

This agrees with what was stated above, that is to say, that the insurance of horned cattle is most widespread among the small landholders and, next to these, amongst the large, but very little in use on medium sized farms. (*Bøndergaardene*: property of independent peasants). To complete our statements, we place before our readers the following figures:

| Number of herds of horses | Number Insured |
|---------------------------|-----------------|
| In towns | 11,634 |
| In the country | 151,986 |
| | } 95,000 = 57 % |

| Number of horses | |
|--------------------------|------------------|
| In towns. | 35,236 |
| In the country | 499,782 |
| | } 300,000 = 57 % |

| Number of herds of horned cattle | Number Insured |
|----------------------------------|----------------|
| 183,644 | 38,000 = 21 % |

| Number of horned cattle | |
|-------------------------|----------------|
| 2,253,982 (1) | 250,000 = 11 % |

About $1\frac{1}{2}$ % of the pigs and $\frac{1}{3}$ % of the sheep are insured. Insurance has therefore been little applied in their case and it is probable that it will not be more in the future. As to the number of compensations, it is calculated in the case of horses at 4 or 5 % of the total number insured. The average amount of loss was from 200 to 250 crowns. The compensation paid was about $2\frac{1}{4}$ % of the value insured. These figures have appreciably increased as appears from the researches made by Westergaard beginning with 1901 and the data of the Statistical Office for 1911.

According to the experience of the society "Pan" for the years 1901-1910, the mortality among horses used in agriculture was from $2\frac{1}{3}$ to $3\frac{1}{3}$ %. It is higher on the large than on the small and medium sized

(1) The number of cows is 1,282,000, and, as it is especially cows that are insured, it would be perhaps better to consider the animals insured in relation to this number. The proportion then becomes 20 %.

farms; for pleasure horses, and those used in trade or for transport, it is 3 or 4 %. For horses used in industry or for other hard work it is from 6 to 9 %.

According to the last statistics of the "Kustos," it appears that the claims paid for race horses in the last ten years were 1 % in section *A* (contagious diseases) and from 1 $\frac{3}{4}$ to 2 % in section *B* (other diseases) or altogether about 2 $\frac{1}{3}$ % of the amount insured. The most frequent contagious diseases are asthma and diseases of the lungs, and, among other diseases, the most frequent are those affecting the digestive organs and the legs.

The figures for losses in connection with horned cattle, according to the statistics of the society "Pan," are from 1 $\frac{3}{4}$ to 2 %, up to 4 and 4 $\frac{1}{2}$ % for dairy cows in the fattening stables. The average value of the animals insured in 1911 was 190 crowns, while in 1901 it was only 142 crowns. In the last ten years the amount insured appreciably increased both for the horned cattle and the horses.

As to the amount of losses, it was on an average, respectively 100 crowns in 1901 and 130 crowns in 1911. The number of losses however appears to be decreasing and their percentage to the insured value, which in 1901 was 1.93 %, fell in 1911 to 1.81 %. Yet in these figures those of the "Kustos" society are not included, and if we take account of them, especially of its section *A*, the proportion falls to 1.20 %. The most frequent losses are those in connection with calving (for the "Pan" from $\frac{1}{3}$ to $\frac{1}{4}$ of the total losses) and those due to diseases of the digestive apparatus ($\frac{1}{6}$); then those due to accidents.

In all the associations the working expenses, on an average, are about 4 % of the receipts and in the most important association, the "Kustos," about 1 % of the amount insured. These expenses, as well as the veterinary surgeons' charges, etc., are covered, or nearly covered, by the sale of the skins or other utilisable parts of the dead animals. In this respect the usage varies with the society; some leave the body to their members, others sell it directly.

The total annual amount paid in Denmark for livestock insurance was calculated at from 3 $\frac{1}{4}$ to 3 $\frac{1}{2}$ million crowns for horses and $\frac{2}{3}$ million crowns for horned cattle.

In cases of epidemic thrush and other contagious diseases, the authorities may, in conformity with the law of April 14th., 1893, order the slaughter of animals infected, granting the owners compensation. Losses of such a nature are not compensated by the insurance associations. Some special societies have been, however, founded with the object of insuring against the loss a farm may incur through the stoppage of work caused by the slaughter of all the cattle.

Certain special sections of the "Pan" and the "Kustos" and other independent associations, amongst them one founded in the district of Funen in 1893, transact this branch of insurance business. In recent years, epidemic thrush has very rarely made its appearance, so that the societies insuring against losses caused by it have been able to amass large reserve funds. Recently, on the menace of the appearance of this disease, new interest has been taken in this branch of insurance and two new associations of the character have been founded.

Another ramification of livestock insurance in Denmark is found in the societies compensating for losses through the rejection of diseased meat, by the sanitary inspector. Yet it cannot be said that this kind of insurance is strictly agricultural (rather commercial): we cannot deal with it here.

Societies insuring animals to be sent to agricultural shows, insuring animals employed in transport, and other similar societies have also been founded in Denmark, without their acquiring any importance.

INSURANCE

GREAT BRITAIN AND IRELAND.

CURRENT QUESTIONS.

The National Insurance Act: Compulsory Insurance against Sickness and Unemployment.

Introduction.

In the *Bulletin of Economic and Social Intelligence* of June, 1911, we gave an outline of the National Insurance Bill, which had recently been introduced into the House of Commons. The Bill, after undergoing considerable modification, became law in December, and we now present our readers with a résumé of the National Insurance Act in its final form. To facilitate comparison with the provisions of the Bill as originally proposed, we follow the arrangement of our previous outline. We give, however, a fuller statement of the provisions than we thought fit to do when the Bill was still before Parliament.

The scope of the Act is indicated by its sub-title, which reads: "An Act to provide for Insurance against Loss of Health and for the Prevention and Cure of Sickness and for Insurance against Unemployment, and for Purposes incidental thereto." It is intended, therefore, to provide for two distinct classes of insurance and, accordingly, contains two Parts entitled respectively "National Health Insurance" and "Unemployment Insurance." To these is added a third Part containing some general provisions.

The Part relating to National Health Insurance does not merely provide for insurance against loss of health when it occurs; it seeks to prevent loss of health and to cure sickness, and contains some important provisions, which we will indicate in due course, having this object (1).

(1) V. *infra* page 115.

I. — Insurance against Loss of Health.

§ 1. *The Persons to be Insured.*

The Health Insurance scheme embodied in the Act contemplates two forms of insurance — “ compulsory ” and “ voluntary. ”

Insurance of either kind begins at 16 years of age (1) and the contributions are payable until the insured person reaches the age of 70 (2). No person can, however, become insured who is over 65 years of age and has not been previously insured (3).

Subject to the limits of age indicated, all persons (without distinction of sex or nationality) will be compulsorily insured who are employed in the manner specified in Part I of the First Schedule of the Act. These include all persons employed in the United Kingdom under any contract of service or apprenticeship, no matter in what manner they may be paid ; persons employed on ships which are registered in the United Kingdom or of which the owner resides or has his principal place of business in the United Kingdom ; persons employed as outworkers (4), and persons plying for hire with any vehicle or vessel the use of which is obtained from the owner in consideration either of a fixed sum or of a share in the earnings.

To this list there are numerous exceptions, defined in Section 1 and in Part II of the First Schedule. The most important of these exceptions is that which excludes from the scope of the Act persons who are employed otherwise than in manual labour and whose remuneration exceeds £160 a year. The other exceptions include :

(1) Persons employed in the naval or military service, for whom the Act makes special provision.

(2) Employees of the Crown or any local or other public authority, and clerks of railway companies, whose terms of employment are such as to secure provision in respect of sickness and disablement not less favourable than the benefits conferred by the Act.

(3) Elementary school teachers, for whom it is proposed that a special enactment should be subsequently passed.

(1) Section 1 (1).

(2) Sections 4 (3) and 5 (2).

(3) Section 1 (4).

(4) An outworker is defined as “ a person to whom articles or materials are given out to be made up, cleaned, washed, altered, ornamented, finished, or repaired, or adapted for sale in his own home or on other premises not under the control or management of the person who gave out the articles or materials for the purposes of the trade or business of the last-mentioned person.” First Schedule, Part I, Sub-section (c).

- (4) Commission agents having more than one employer.
- (5) Persons employed on an agricultural holding who receive no wages or other money payment, who are children of the employer, or who are maintained by the employer.
- (6) Persons engaged in employment of a casual nature not connected with a trade or business.
- (7) Persons engaged in employment ordinarily adopted as a subsidiary employment and not as a principal means of livelihood.
- (8) Women outworkers who are the wives of insured persons.
- (9) Crews of vessels who are remunerated by a share of the profits.
- (10) Wives employed by their husbands or husbands employed by their wives.

A special certificate of exemption from compulsory insurance will be given to an employed person who is either (a) in receipt of a pension or income of not less than £26 per annum not dependent upon his personal exertions or (b) ordinarily and mainly dependent for his livelihood upon some other person (1).

The persons who will be permitted to insure voluntarily under the Act are those whose annual income does not exceed £160, and who (while not being "employed" within the meaning of the Act) — (a) are engaged in some regular occupation and are wholly or mainly dependent for their livelihood on the earnings derived by them from that occupation, or (b) have been insured persons for a period of five years or upwards (2).

§ 2. *How the Money will be Found.*

The necessary funds will be obtained by contributions from the persons to be insured, from their employers and from the State. The contribution of the State will be two-ninths of the benefits and expenses of administration in the case of men and one-fourth of the benefits and expenses of administration in the case of women (3). In the case of persons of foreign nationality who have not become naturalised no part of the benefits will be paid by the State (4).

Different rates have been fixed for the contributions payable in respect of employed persons in Great Britain and in Ireland.

In *Great Britain* the contributions will normally be :

Contribution of the insured person : For men, 4d. per week ; for women, 3d. per week.

- (1) Section 2.
- (2) Section 1 (3).
- (3) Section 3.
- (4) Section 45.

Employer's contribution : 3d. per week, whether in respect of men or of women (1).

In the case of employed contributors, of either sex, of the age of 21 years or upwards, whose remuneration does not include the provision of board and lodging and does not exceed 1s. 6d. a working day, the State will pay a contribution of 1d. per week, and the employer will pay 6d. per week for men and 5 per week for women.

Where the rate of remuneration exceeds 1s. 6d. but does not exceed 2s. a working day, the State will pay 1d. per week, the employed contributor 1d. per week, and the employer 5d. for men and 4d. for women.

Where the rate of remuneration exceeds 2s. but does not exceed 2s. 6d. per working day, the employed contributor will pay 3d. and the employer 4d. for men and 3d. for women (2).

It will be noted that the total contributions of the employed contributor, the employer and the State (other than the payment by the State of $\frac{2}{9}$ ths. of the benefits in the case of men and $\frac{1}{4}$ th. of the benefits in the case of women) will always be 7d. in the case of men and 6d. in the case of women.

In *Ireland* the normal contributions will be :

Contribution of the insured person : For men, 3d. per week ; for women, 2d. per week.

Employer's contribution ; 2 $\frac{1}{2}$ d. per week, whether in respect of men or of women (3).

As in Great Britain, special provisions are made in regard to employed persons in Ireland with low rates of wages.

If the remuneration does not exceed 1s. 6d. a working day, the State will pay a contribution of 1d. per day, and the employer will pay 4 $\frac{1}{2}$ d. for men and 3 $\frac{1}{2}$ d. for women.

Where the remuneration exceeds 1s. 6d. per day, but does not exceed 2s. per day, the State will pay 1d. per week, the insured person $\frac{1}{2}$ d. per week, and the employer 4d. for men and 3d. for women.

Where the remuneration exceeds 2s. per day, but does not exceed 2s. 6d. per day, the insured person will pay 2d. per week and the employer 3 $\frac{1}{2}$ d. for men and 2 $\frac{1}{2}$ d. for women (4).

The total contributions will always amount in Ireland to 5 $\frac{1}{2}$ d. per week in the case of men and 4 $\frac{1}{2}$ d. per week in the case of women.

The various rates of contribution may be shown in tabular form as follows :

- (1) Section 4 (1) and Second Schedule, Part I.
- (2) Section 4 (1) and Second Schedule, Part I.
- (3) Section 4 (1) and Second Schedule, Part II.
- (4) Section 4 (1) and Second Schedule, Part II.

Health Insurance: Rates of Contribution.

| | Employed persons over 21 years of age whose remuneration exceeds 2s. 6d. per week and employed persons between 16 and 21 years of age. | | Employed persons over 21 years of age whose remuneration does not exceed 1s. 6d. per working day. | | Employed persons over 21 years of age whose remuneration exceeds 1s. 6d. per day but does not exceed 2s. 6d. per day. | | Employed persons over 21 years of age whose remuneration exceeds 2s. 6d. per day. | |
|--|--|-------------------|---|-------------------|---|------------------|---|-------------------|
| | Men | Women | Men | Women | Men | Women | Men | Women |
| GREAT BRITAIN. Contribution paid per week by the State (in addition to the payment of $\frac{2}{9}$ ths. of the benefits for men and $\frac{1}{4}$ th. of the benefits for women) Contribution paid per week by the employed contributor Contribution paid per week by the employer | — | — | 1 d. | 1 d. | 1 d. | 1 d. | — | — |
| | 4 d. | 3 d. | — | — | 1 d. | 1 d. | 3 d. | 3 d. |
| | 3 d. | 3 d. | 6 d. | 5 d. | 5 d. | 4 d. | 4 d. | 3 d. |
| | | | | | | | | |
| IRELAND. Contribution paid per week by the State (in addition to the payment of $\frac{2}{9}$ ths. of the benefits for men and $\frac{1}{4}$ th. of the benefits for women) Contribution paid per week by the employed contributor Contribution paid per week by the employer | — | — | 1 d. | 1 d. | 1 d. | 1 d. | — | — |
| | 3 d. | 2 d. | — | — | $\frac{1}{2}$ d. | $\frac{1}{2}$ d. | 2 d. | 2 d. |
| | $2\frac{1}{2}$ d. | $2\frac{1}{2}$ d. | $4\frac{1}{2}$ d. | $3\frac{1}{2}$ d. | 4 d. | 3 d. | $3\frac{1}{2}$ d. | $2\frac{1}{2}$ d. |
| | | | | | | | | |

For voluntary insurance, a table is to be prepared of the rates appropriate to the ages of the insured persons. A person who enters the insurance within six months after the commencement of the Act and who is less than 45 years of age, will pay the "employed rate", that is, in Great Britain, 7d. for men and 6d. for women, and, in Ireland, 5 $\frac{1}{2}$ d. for men and 4 $\frac{1}{2}$ d. for women. Again, where a person who has been an employed contributor for at least five years becomes a voluntary contributor, he will continue to pay at the "employed rate" (1).

Employed contributors will each have a contribution card, to which the employer will affix stamps in payment of the contributions due both from himself and the workman.

He will then deduct the amount of the workman's contribution from his wages (2).

Employers of persons who are over 65 years of age and have not been previously insured, or of persons specially exempted from compulsory insurance, will be required to pay the same contributions as if such persons were insured (3).

§ 3. *The Benefits.*

The Act prescribes a normal scale of benefits which are subject to reduction in certain cases (4). As we shall see presently, additional benefits may also be given if circumstances allow.

The normal benefits are as follows :

(a) *Medical Benefit.* — Medical treatment and attendance, including the provision of medicines and medical and surgical appliances.

(b) *Sanatorium Benefit.* — Treatment in sanatoria or otherwise when suffering from tuberculosis.

(c) *Sickness Benefit.* — Ten shillings a week for men and 7s. 6d. for women for 26 weeks from the fourth day of sickness.

(d) *Disablement Benefit.* — Five shillings a week (for men and women alike) after the termination of sick benefit, so long as the disablement lasts.

(e) *Maternity Benefit.* — A payment of 30s. in case of the confinement of the wife of an insured person, or of a woman who is herself an insured person.

In the case of unmarried minors, the rates of sickness benefit will be reduced. They will be : (a) for males, 6s. a week during the first thir-

(1) Section 5.

(2) Sections 4 (2) and 7.

(3) Section 4 (4).

(4) Section 8 (1) and Part I of Fourth Schedule.

teen weeks and 5s. a week during the second thirteen weeks ; (b) for females, 5s. a week for the first thirteen weeks and 4s a week for the second thirteen weeks. For females who are minors and unmarried the disablement benefit will be reduced to 4s. a week.

The sickness benefits are also reduced where the insured person is over 50 years of age at the time of becoming insured. If over 50 and under 60 the rates will be : (a) for men, 7s. a week for 26 weeks ; (b) for women, 6s. a week for 26 weeks. If over 60, the rates will be, for men and women alike, 6s. a week for the first 13 weeks and 5s. a week during the second 13 weeks.

Insured persons who have reached the age of 70 will cease to be entitled to sickness or disablement benefit (1). At that age they become entitled to a pension under the Old Age Pensions Act of 1908 (2)

§ 4. *Reduction of Benefits where the Contributions are in Arrear.*

Somewhat complicated provisions are laid down for the reduction of the benefits when the contributions are greatly in arrear. An insured person will not, however be required to pay contributions when in receipt of sickness benefit, nor (if an employed contributor) during periods of unemployment. Suspension of payment under such circumstances will not be counted in estimating the extent of the arrears. No account, again, will be taken, in the case of an employed contributor, of arrears accruing during the first twelve months after the commencement of the Act (3).

If the arrears amount on the average to more than 13 weekly contributions a year since the entry into insurance, the insured person will forfeit his right to all benefits except medical, sanatorium, or maternity benefit. If the arrears amount to more than 26 weekly contributions a year, his rights to all benefits will be suspended (4).

If an employed contributor, whose payments are in arrear, on the average, to a less extent than 13 weeks a year, claims sickness benefit, the rate of benefit will be reduced, to a sum not less than 5s. a week, or the time when the benefit commences will be deferred (5).

In the case of men, if the arrears amount to an average of 4 days a year, the benefit to which the insured person is entitled is reduced by 6d.

(1) Section 8 (3).

(2) See *Bulletin of Social and Economic Intelligence*, Year II, No. 10, (31st. October, 1911), page 135.

(3) Section 10 (4).

(4) Section 10 (1).

(5) Section 10 (2) and Fifth Schedule.

a week; if to 5 days, by 1s. a week; if to 6 days, by 1s. 6d. a week, and so on, until the benefit is reduced to 5s. a week, when the reductions cease, but the commencement of the benefits is postponed by one day for each additional day per year of arrears. In the case of women, the successive reductions are 3d. per week.

To take as examples the cases of men and women who were over 50 and under 60 years of age when they became employed contributors, we have the following table of reductions and postponements:

| Where the arrears amount to | | | | Rates of Sickness Benefit for employed contributor over 50 and under 60 years of age on entry into insurance | | | |
|--|--|--|--|--|----|-------|-----------|
| | | | | Men | | Women | |
| | | | | s. | d. | s. | d. |
| Less than 4 contributions a year on the average (full rate to which the insured person is entitled). | | | | 7 | 0 | 6 | 0 |
| 4 contributions a year on average | | | | 6 | 6 | 5 | 9 |
| 5 " " " | | | | 6 | 0 | 5 | 6 |
| 6 " " " | | | | 5 | 6 | 5 | 3 |
| 7 " " " | | | | 5 | 0 | 5 | 0 |
| 8 " " " | | | | 5 s. commencing 5th. day after commencement of illness. | | | |
| 9 " " " " " | | | | | | 6th. | " " |
| 10 " " " " " | | | | | | 7th. | " " |
| 11 " " " " " | | | | | | 8th. | " " |
| 12 " " " " " | | | | | | 9th. | " " |
| 13 " " " " " | | | | | | 10th. | " " |
| More than 13 contributions a year on the average. | | | | Sickness benefit suspended. | | | |

For voluntary contributors, special regulations will be made in regard to the reduction of benefits when the contributions are in arrear (1).

§ 5. *Waiting Periods.*

It was considered to be impracticable to commence the distribution of benefits from the date when the Act came into operation. Accordingly waiting periods were prescribed (2), and no person will be entitled:

(1) Section 10 (3).

(2) Section 8 (8).

(a) to medical benefit during the first six months after the commencement of the Act ;

(b) to sickness benefit, until 26 weeks have elapsed since his entry into insurance and at least 26 weekly contributions have been paid ;

(c) to disablement benefit, until 104 weeks have elapsed since his entry into insurance and at least 104 weekly contributions have been made;

(d) to maternity benefit until 26 (or in the case of a voluntary contributor 52) weeks have elapsed since his entry into insurance and 26 (or in the case of a voluntary contributor 52) weekly contributions have been paid.

§ 6. *The Administration of the Act.*

(a) *The Insurance Commissioners.*

The central authority for the administration of the Act will be the Insurance Commissioners. They will be appointed by the treasury and at least one of them must be a duly qualified medical practitioner who has had personal experience of general practice (1).

To assist them in making regulations under the Act, the Insurance Commissioners must appoint an Advisory Committee, at least two of whom must be women (2).

(b) *Approved Societies.*

As far as possible the insurance will be effected through the medium of "approved societies", which will issue and collect the contribution cards of their members and will administer the sickness, disablement and maternity benefits in the case of their members.

The Insurance Commissioners may grant approval to :

(1) Any society (not being a branch) registered or established under any Act of Parliament, or by Royal Charter ;

(2) Any society, not so registered or established, but having a constitution of such a character as may be prescribed by the Insurance Commissioners ;

(3) A section of any society, consisting of insured persons and established for the purposes of the Act (3).

(1) Section 57 (1).

(2) Section 58.

(3) Section 23 (1).

To obtain approval a society must comply with the following conditions :

(1) It must not be carried on for profit ;

(2) Its constitution must provide for the absolute control of its affairs by the members (1).

Where the funds of the society permit, additional benefits may be given. These benefits may be any of the following (2) ;

(1) Medical attendance for any persons dependent upon the labour of a member.

(2) The payment of the whole or any part of the cost of dental treatment.

(3) An increase of sickness benefit or disablement benefit in the case either of all members of the society or of such of them as have any children or any specified number of children wholly or in part dependent upon them.

(4) Payment of sickness benefit from the first, second or third day after the commencement of the disease or disablement.

(5) The payment of a disablement allowance to members though not wholly incapable of work.

(6) An increase of maternity benefit.

(7) Allowances to a member during convalescence from some disease or disablement in respect of which sickness benefit or disablement benefit has been payable.

(8) The building or leasing of premises suitable for convalescent homes and the maintenance of such homes.

(9) The payment of pensions or superannuation allowances whether by way of addition to old age pensions under the Old Age Pensions Act, 1908, or otherwise.

(10) The payment, subject to the prescribed conditions, of contributions to superannuation funds in which the members are interested.

(11) Payments to members who are in want or distress, including the remission of arrears whenever such arrears may have become due.

(12) Payments for the personal use of a member who, by reason of being an inmate of a hospital or other institution, is not in receipt of sickness benefit or disablement benefit.

(13) Payments to members not allowed to work on account of infection.

(14) Repayment of the whole or any part of contributions thereafter payable under Part I of this Act by members of the society or any class thereof.

(1) Section 23 (2).

(2) Section 37 and Fourth Schedule, Part II.

(c) *Insurance through the Post Office.*

Approved societies will be left free to admit or refuse to admit members (1). Provision had, accordingly, to be made for the insurance of persons who are either refused admission to approved societies, or who do not wish to become members. Such persons will be insured through the Post Office (2). As however, they will include a number of persons rejected because they are already ill or show symptoms of illness, and as, moreover, it was desired to offer inducements to workmen to join societies, the "deposit contributors", as they are called, will not enjoy equal benefits with members of approved societies.

The deposit contributors will, in fact, only receive benefits until the sums standing to their credit are exhausted by the payment of such benefits (3). At the beginning of each year a sum will be deducted from each deposit contributor's account in respect of expenses of management and of expenses of medical and sanatorium relief (4). If, then, a deposit contributor claims sickness or disablement benefit he will receive it at the usual rate. Two ninths (or in the case of women one-quarter) of the benefits will be paid by the State and the remainder deducted from the contributor's account. When, by the deduction of the benefits paid, the contributor's account becomes exhausted, the sickness or disablement benefits cease (5).

Medical and sanatorium benefit will be given until the end of the year in which a contributor's account becomes exhausted, and may be extended, in certain circumstances, beyond the end of the year (6).

(d) *The Insurance Committees.*

The administration of medical and sanatorium benefits will be entrusted to local Insurance Committees, to be formed in each county and county borough (7). The Insurance Committees will also administer sickness, disablement and maternity benefits in the case of insured persons who are not members of an approved society.

(1) Section 30 (2).

(2) Section 42 (a).

(3) Section 42 (b).

(4) Section 42 (c) and (d).

(5) Section 42 (b).

(6) Section 42 (b).

(7) Section 59 (1).

The Insurance Committees will consist of not less than 40 and not more than 80 members. The number of members will be decided for each county or county borough by the Insurance Commissioners.

Three-fifths will be appointed to represent the insured persons resident in the county or county borough. The Insurance Commissioners will make regulations prescribing the method of appointment. These regulations must, however, give the right to approved societies having members in the area to appoint the representatives of such members.

One-fifth will be appointed by the council of the county or county borough. Of these at least two must be women.

Two members will be appointed by the medical practitioners resident in the area.

One, two, or three members, according to the size of the Committee, will be medical practitioners appointed by the county council.

The remaining members will be appointed by the Insurance Commissioners. Of these at least one must be a medical practitioner and at least two must be women (1).

For defraying the expenses of sanatorium benefit, 1s. 3d. per annum will be placed at the disposal of the Insurance Committees for every person resident within their area. To this will be added 1d. per insured person contributed by the State (2). If an Insurance Committee wishes to spend further sums on sanatorium benefit, it can submit proposals to the County Council and to the Treasury. If the proposals are sanctioned one half of the additional expenditure will be paid out of the National Exchequer and one-half out of the county rates (3).

For the erection of sanatoria, a capital sum will be provided by the State and distributed in the form of grants to county councils and county borough councils (4). In the 1911 Budget, a sum of £1,500,000 was set apart for this purpose (5).

The approved societies will pay to the Insurance Committees the amounts estimated to be necessary for the expenses of medical benefit to their members. The sums to be paid will be fixed by agreement between the societies and the Committees, or, if they cannot agree, by the Insurance Commissioners (6). As in the case of sanatorium benefits, the expenditure

(1) All the foregoing provisions as to the constitution of the Insurance Committees are contained in Section 59 (2).

(2) Section 16 (2).

(3) Section 17.

(4) Section 64.

(5) Finance Act, 1911, Section 16 (1) (b).

(6) Section 15 (6).

on medical benefits may be increased with the sanction of the county council and the treasury (1).

To meet the administrative expenses of the Insurance Committee, each approved society will pay to the Committee 1d. per annum for each of its members resident in the county or county borough. Under certain circumstances, the amount may be increased up to a maximum of 2d. per member (2).

Sums will also be paid to the Insurance Committees to meet the expense of medical benefit and the administrative expenses in respect of deposit contributors (3).

Besides the administration of benefits, the Insurance Committees will have the important duties of making reports on the health of insured persons and of providing lectures and publishing information on questions relating to health (4).

Where it is alleged that there is excessive sickness in any district due to defective sanitation in the district or to improper conditions of labour, a claim can be made against the person or public authority alleged to be in default for the extra expenditure incurred in sickness or disablement benefits. Should the claim not be settled by agreement, a Government Inquiry will be held. If it is found that there has been excessive sickness due to the neglect of any person or authority, the extra expenditure incurred must be made good by the party found to have been in default (5).

II. — Unemployment Insurance.

The Second Part of the National Insurance Act provides for compulsory insurance against unemployment of workmen employed in building, construction works (6), ship-building, engineering, construction of vehicles, iron founding and sawmilling (7).

The funds will be raised by contributions of 2 ½d. per week from the employers, 2 ½d. per week from the workmen, and contributions from

(1) Section 15 (7) and (8).

(2) Section 61 (2).

(3) Section 42.

(4) Section 60 (1).

(5) Section 63.

(6) That is "construction, reconstruction or alteration of railroads, docks, harbours, canals, embankments, bridges, piers or other works of construction (Sixth Schedule, Sub-Section 2).

(7) Section 84 and Sixth Schedule.

the State equal to one-third of the total contributions from employers and workmen (1).

The rate of unemployment benefit (2) will be 7s. per week, but it will not be paid during the first week of unemployment nor for more than 15 weeks in any one year. Further, not more than one week of benefit will be paid to any workman for every five weekly contributions which he has made. Power is given to the Board of Trade to vary the rate of benefits, between the limits of 6s. and 8s. per week and, if necessary, to reduce the period below fifteen weeks.

The benefits will be administered, for the most part, through the Labour Exchanges (that is, the official employment agencies) but workmen's associations may arrange with the Board of Trade to administer the benefit in respect of its own members (3).

The Act contains many subsidiary provisions for preventing the insurance from increasing unemployment. For example, it is provided that where an employer has employed a man continuously throughout a period of 12 months, one-third of the contributions paid by him on behalf of that man will be refunded to him (4).

Provision is also made for the encouragement of voluntary insurance in trades other than the trades wherein it has been made compulsory. Thus the Board of Trade may, out of moneys provided by Parliament, subsidise any association giving employment benefits. The subsidy may be such fraction (not exceeding one-sixth) of the benefits as the Board of Trade may think fit, but if the benefit in any case exceeds 12s. no subsidy will be payable in respect of the excess (5).

III. — Books and Articles relating to the National Insurance Act.

It may be useful to add a list of some of the principal books, pamphlets and articles which have been written on the National Insurance Act.

Official Publications :

National Insurance Bill (*Bill 198 of 1911*). 8 ½d..

National Insurance Bill : Copy of Memorandum Explanatory of the Bill. pp. 15. (*H. C. 147 of 1911*) 2d.

(1) Section 85 and Eighth Schedule.

(2) Section 84 and Seventh Schedule.

(3) Section 105.

(4) Section 94 (1).

(5) Section 106.

- Report of the Actuaries in relation to the Scheme of Insurance against Sickness, Disablement etc., embodied in the National Insurance Bill, 1911. pp. 42. (*Cd.* 5681) 4 ½d.
- National Insurance Bill (Part. I. National Health Insurance). Replies to Letters addressed to the Chancellor of the Exchequer, pp. 21. (*Cd.* 5,733) 2 ½d.
- National Insurance: Further Replies to Letters addressed to the Chancellor of the Exchequer, etc. pp. 27. (*Cd.* 5,885) 3d.
- National Insurance Bill: Copy of a Memorandum Explanatory of the Bill as Passed by the House of Commons so far as relating to National Health Insurance. pp. 16. (*Cd.* 5,995) 2d.
- National Insurance Bill (Parte II: Unemployment) Explanatory Memorandum. pp. 6. (*Cd.* 5,991.) 1d.
- National Insurance Act, 1911 (1-2 *Geo* 5. *Ch.* 55) 1s. 3d.

Books and Pamphlets (Unofficial):

- BETTANY, G. W. National Insurance Bill: Its Principles Challenged and its own Invalidity Exposed. (*Reprinted from the "Yorkshire Post"*). London: W. H. Smith. 1d.
- CARR, A. S. C., GARNETT, W. H. S., and TAYLOR, J. H. National Insurance. 8°. pp. 503. London: Macmillan.
- CLARKE, ORME. The National Insurance Act, 1911. With introduction by Sir John Simon, M. P. London: Butterworth. pp. 333. Index, 53 pp. 12s. 6d.
- EVANS, D. OWEN. The Insurance Bill made Clear: a Guide for the Million. Cr. 8°. pp. 98. Nutt.
- EVANS, L. WORTHINGTON, M. P. The National Insurance Bill Summarised. London: The National Union of Conservative and Constitutional Associations.
- FOLY, F. S. The National Insurance Act, 1911, as it affects Employers and Workmen. 8°. pp. 62. London: Sherratt.
- GEORGE, DAVID LLOYD. The People's Insurance Explained. 8°. Hodder and Stoughton.
- GROOS, A. W. J. A Plain Summary of Part I of the National Insurance Bill, as it will affect Traders, Shopkeepers and Employers generally. 8°. 3d. net. London and Suburban Traders' Association.
- The Insurance Bill and the Workers. London: The Fabian Society.
- Light of Thirty Years of Provident Dispensary Work on National Insurance. By a Provident Dispensary Medical Officer. London: Sherratt. pp. 40. 6d.
- MARTINDALE, J. B. National Insurance against Sickness and Unemployment. London: Vick, Ashworth. 3d.
- MONEY, L. G. CHIOZZA, M. P. Nation Insured: The National Insurance Bill Explained. pp. 68. London: Liberal Publication Department. 1d.
- MORAN, C. G. The Alphabet of the National Insurance Act, 1911. Cr. 8° pp. 80. London, Hodder and Stoughton.
- National Insurance Act: A Full Explanatory Digest. By "An Old Parliamentary Hand". London: Macdonald. pp. 72. 6d.
- National Insurance Bill. Report of the Special Committee appointed by the Council of the London Chamber of Commerce. Folio. pp. 16. London Chamber of Commerce.
- National Insurance Bill, together with Official Explanatory Memoranda on its Provisions, Report of Mr. Lloyd George's Speech on the Introduction of the Measure and Notes by the Editors of the "Poor Law Officers' Journal". 8°. pp. 144. Poor Law Publication Co. May, 1911.

- RICHARDS, H. MEREDITH, M. D. *Public Health and National Insurance*. London: King. pp. 71. 6d.
- SCHUSTER, Dr. E. J. *National Health Insurance*. Reprinted from the "Journal of the Society of Comparative Legislation," July, 1911. London: Murray.
- SMITH, THOMAS. *Everybody's Guide to the National Insurance Act, 1911*. London: C. Knight pp. 304. 1s. nett.
- WATTS, J. H. *National Insurance Bill, with an Introduction and Notes*. London: Stevens. pp. 286. 3s. nett.
- WOOD, H. KINGSLEY. *National Insurance Bill and the Industrial Insurance Agent*. London: Insurance Publishing Co. 2d.

Articles :

- ALDEN, PERCY, M. P. *The Insurance Bill*. "Contemporary Review," London. January, 1912.
- ALDEN, PERCY, M. P. *The National Insurance Bill in Relation to Sickness and Invalidity*. "Progress, Civic, Social, Industrial". July, 1911; No. 3.
- ASTOR, W. *The Insurance Bill*. "National Review", London. December, 1911.
- BRABROOK, Sir E. *State Invalidity Insurance*. "Economic Journal", London. March, 1911.
- BULL, Sir WILLIAM. *The New Insurance Scheme*. "Oxford and Cambridge Review." July 1911.
- CHESSER, ELIZABETH S. *The Insurance Bill and the Conquest of Consumption*. "Westminster Review", London. August, 1911.
- DAWSON, W. H. *Insurance Legislation; the Larger View*. "Fortnightly Review." March, 1911; No. 81.
- DE VERNEUIL, H. *L'assurance obligatoire contre l'invalidité, la maladie et le chômage en Angleterre*. "Revue Politique et Parlementaire", Paris. November 15th, 1911.
- Die englische Sozialversicherungsvorlage. "Neue Freie Presse", Vienna. May 5th., 1911; No. 16,778.
- The Financial Basis of the National Insurance Scheme as regards Sickness and Invalidity*. "Economist", London. June 3rd., 1911.
- GOOD, T. *The Rights and Wrongs of State Insurance*. "World's Work," London. April, 1911.
- GREENWOOD (Major), M. D. *The National Insurance Bill and the Poor Law Medical Service*. "Medical Officer." July 16th., 1911.
- GREGORY, H. D. *The New Insurance Scheme*. "Empire Review," London. August, 1911.
- HASLAM, J. *Factory Mothers and State Insurance*. "Englishwoman," London. August, 1911.
- HILLIER, ALFRED P., M. D., M. P. *National Insurance and the Commonweal*. "The Nineteenth Century and After," London. August, 1911; No. 414.
- HOBHOUSE, HENRY. *The Proposed Local Health Committees*. "Local Government Review," London. July, 1911.
- INGRAM, T. A. *The Insurance Bill*. "Fortnightly Review", London. January, 1912.
- The Insurance Bill*. By "Auditor Tantum." "Fortnightly Review." London. January, 1912.
- The Insurance Bill*. "Blackwood's Magazine," January.
- The Insurance Bill: Does it Cover the Right Ground?* "Times," London. June 22nd., 1911; No. 39,618.
- The Insurance Bill: Finance of the Scheme*. "Times" London. June 17th., 1911; No 39,614.

- The Insurance Bill: The Position of Women. "Times", London. June 26th., 1911; No. 39,621.
- MACARTHUR, MARY R. Women and State Insurance. "Women's Trade Union Review." July, 1911.
- McDERMOTT, W. R. State Insurance as a Business Proposition. "Westminster Review," London. October, 1911; No. 4.
- National Health Insurance. "Quarterly Review," London July, 1911; No. 428.
- The National Insurance Bill. "Charity Organisation Society Review," London. August, 1911.
- The National Insurance Bill: Local Authorities' Objections. "Municipal Journal." July 1st., 1911.
- The National Insurance Scheme: What Mr. Lloyd George Proposes, with Various Criticisms. "Review of Reviews," London. June, 1911.
- ROBERTS, A. The Government Scheme of National Insurance. "Nineteenth Century and After", London. June, 1911.
- ROBERTS, H. The Insurance Bill, the Doctors and National Policy. "The Nineteenth Century and After", London. July, 1911; No. 413.
- SCHUSTER, DR. ERNST J. National Insurance against Invalidity and Old Age. "The Nineteenth Century and After", London. February, 1911.
- SPENDER, HAROLD. A National Health Charter. "Contemporary Review," London. June, 1911.
- State Insurance. "Englishwoman," London. July, 1911.
- WILKINSON, REV. J. FROME. The National Insurance Bill. "Contemporary Review", London. October, 1911.
- Women in the National Insurance Bill: "Englishwoman", London. December, 1911.

Verbatim reports of the discussions in Parliament on the National Insurance Bill will be found in Hansard's Parliamentary Debates and more or less full reports in the "Times" and other daily papers. The daily papers have also contained reports of many meetings, deputations, etc., relative to the scheme, besides leading articles upon it.

INSURANCE

SWITZERLAND.

CURRENT QUESTIONS.

The New Federal Law on Sickness and Accident Insurance and the Farmers

PART I (*Continued*).

Organization of Accident Insurance.

§ 1. *The National Insurance Institute; Collaboration of the Sickness Insurance Societies.*

In the first part of this essay it was shown that one of the fundamental principles of the Swiss law on Sickness Insurance is liberty of Insurance. Whoever insures himself has a claim to a subsidy from the Confederation, but, nobody is obliged to insure. On the other hand, the portion of the law concerned with accident insurance is inspired by a different principle, that of compulsory insurance; employees and workmen engaged in most Swiss industrial undertakings are obliged to insure. In Switzerland, as elsewhere, the development of industrial technique and of the use of machinery in industry inevitably entailed an appreciable increase in the number of accidents in work. And as the provisions of the common law relative to liability were established at a date when large industry was still only in its infancy, their insufficiency became apparent under the new conditions. Thus, numerous laws have been passed in Switzerland, with special reference to certain industries, with a view to saving the labourer from the consequences of an accident for which the employer is responsible. Such are, for example, the federal law of June 25th., 1881 on the lega

liability of manufacturers, the federal law of March 28th., 1905 on the legal liability of railway companies, etc. However, although the régime of legal liability indicated considerable progress from the point of view of common law, yet some defects appeared, which were clearly set forth in the Federal Council Message of December 10th., 1906. These defects are chiefly the risk to which the possibility of having to pay compensation exposes the employer; the impossibility for the victim of the accident, or his representatives to obtain compensation, in the case of the insolvency of the employer; the long, difficult and expensive lawsuits when there is any ground for the reduction or refusal of compensation; the illfeeling the prospect of such lawsuits creates between masters and labourers; the fact that a workman who has been the victim of an accident or who has had to take legal action against his employer finds it difficult to obtain another situation; and that the form and the amount of compensation do not correspond to the character of the injury; the absence of complete unity of principle in the various laws upon liability; the very multiplicity of these laws, with their mutual relations.

Only a system of insurance, delivering the master from the uncertainty and risk of having to pay considerable amounts, by means of the payment of a fixed premium, the amount of which could never endanger the success of his business, can meet the above mentioned difficulties. The Swiss law of June 13th., 1911 sanctions such an insurance system, and just as the system of legal liability was compulsory for some classes of industries, so also the new law makes insurance compulsory for the same classes of business, except for some differences we shall consider later on. The Swiss law, besides, does not limit itself to establishing compulsory insurance: it also creates a national mutual insurance institute, with its headquarters at Lucerne, for the insurance of employees and workmen in Switzerland occupied in certain classes of employment specified in the law. Whilst the private insurance societies only insure risks the nature of which they determine themselves, the National Institute must, on the contrary, insure all workmen engaged in the businesses specified in the law, with no power to refuse to undertake the most serious risks. In exchange, the law, however, gives the Institute the monopoly of insurance against accidents in the classes of business for which insurance has been made obligatory.

Whilst sickness insurance demands a rigorous control of the risks and, consequently, the societies undertaking this class of insurance are for the most part local mutual societies, on the contrary, accident insurance presupposes the union of a large number of risks and it is only when its organization rests on a wide basis, that it can offer guarantees of stability. "If we consider," says the Message of the Federal Council, "that of 100 persons, about 30 are annually sick, whilst only one is the victim of an accident, it is clear that an exceptional increase of 1,2 . . . or even 5 case

of sickness, will only increase by 3,7 . . . or 17 % the average sickness insurance burden for 100 persons, whilst an exceptional increase of one accident would suffice to increase the accident insurance burden for the same number of persons 100 %. And this greater variation in the frequency of disasters for a given number of insured, is aggravated in accident insurance, by the fact that an accident necessitates on an average a far higher degree of compensation than a case of sickness."

For these reasons the Swiss law creates a single National Insurance Institute, as its work is extended to the whole territory of the Confederation, this institution may offer better security than the manifold institutions of territorial or professional character.

Articles 42-53 of the law minutely regulate the organization of the new Institute. We shall here only give its general outlines. The supreme executive authority of the new institution is a Board of Administration, composed of 40 members, 12 of whom represent the compulsorily insured, sixteen, private employers of the compulsorily insured, four, the voluntarily insured, and eight, the confederation. As we shall see hereafter, the farmers belong for the most part to the class of the voluntarily insured, ; we must note the provision by virtue of which the members of the Board of Administration are appointed for a period of six years by the Federal Board, after consultation with the professional associations the sphere of action of which extends over a considerable part of the country. The large Agricultural Associations of Switzerland must therefore present their candidates to the Board of Management of the new Institute. They may, besides, be invited by the National Institute to give their opinion on the conditions of voluntary insurance and of voluntary insurance of third parties.

Among the principal functions of the Board of Administration, we may mention the drafting of the rules for the organization of the Institute, the presentation to the Federal Council of proposals regarding the composition and appointment of the Board of Management, the determination of the classes of risks, as well as the establishment of premium tariffs, the general control, etc.

The Board of Management of the Institute is appointed by the Federal Council, on the proposal of the Board of Administration : this proposal, however, has only consultative value. The administration and representation of the Institute are entrusted to the Board of Management.

Finally, the Institute will found at least one agency in every canton ; the agents represent the Institute within the limits assigned to them.

For each of the four classes of insurance established by the law, that is, professional accidents to the compulsorily insured, accidents, not of professional character, to the compulsorily insured, voluntary insurance, and voluntary insurance of third parties, the Institute shall keep separate

books. All the annual reports and statements of the Institute must be submitted to the approval of the Federal Council, by which means the Confederation will be able to exercise its right of supervision.

With a view to reducing the working expenses of the Institute, the law provides that it may entrust its agency work to the sickness insurance societies through the whole of the territory to which their operations are limited. But the insurance societies may not only lend their assistance, by discharging the office of agencies for the Institute, (that is to say, collecting premiums, establishing relations between the Institute and the insured, etc.) but also by direct collaboration in the transaction of accident insurance business.

Experience shows that if by foresight we can succeed in reducing frequency of serious accidents with lasting consequences, the number of small accidents entailing incapacity for work for a few days only remains, on the contrary, always stationary and even tends to increase. This phenomenon is probably partly due to the fact that small accidents are those that can be most easily simulated or that the insured person is led to occasion deliberately with the object of receiving compensation. On these grounds, the Federal Council Message had already considered that insurance against slight accidents might be more economically undertaken by local societies, as they are in a position more effectually to examine into the reality of the disaster. So the recently approved law provides that, for the first six weeks following the accident, the Institute may entrust a sickness insurance society with the insurance of persons domiciled in the country or region in which it transacts its own business; in so far as regards medical attendance and medicines and the compensation for unemployment. For the first six weeks after the accident, the sickness insurance society undertakes payment of compensation and all other services in place of the National Institute; it has the right to repayment of the expenses it has to bear in consequence, in accordance with a tariff fixed by the Federal Council on the proposal of the National Institute in agreement with the Sickness Insurance Societies. Further, if it appears from the annual statement of the society that the accident insurance service it has undertaken has caused it a pecuniary loss, the National Institute within the first three years from date of transfer, shall take upon itself three fourths of the financial loss due to the transfer and, in the successive years a third of the losses as calculated for periods of three years.

Let us observe, finally, that the law prescribes the formation of a reserve fund, by means of annual payments, the amount of which shall be fixed by the Board of Administration. These payments must be continued until the reserve fund is at least half the average amount of the premiums and of the federal subsidy received in the last five years.

§ 2 *Compulsory Insurance.*

The prescriptions of the law with regard to compulsory insurance do not directly concern the farmers; the law, in fact, considers that under the régime of optional insurance, a better idea could be formed of the special conditions of agriculture from the point of view of the conditions of insurance (such as, for example, the calculation of premiums, the determination of compensations, etc.). To compulsory insurance, on the contrary, it subjects the employees and workmen of railway and navigation companies, of the industries already regulated by the federal law of March 23rd., 1877 on work in factories, buildings, transport by land or water, installation of machinery, construction of railroads, bridges, roads, hydraulic works, canal construction, or other undertakings in which the workmen are more specially exposed to danger. Although farm labourers are not included among the compulsorily insured, it is yet evident that the organization of compulsory insurance, as established by the new law, has for them also a certain interest. It is, in fact, indubitable, that, in determining the conditions of voluntary insurance, the Federal Assembly will try, as far as possible, to conform itself, to the principles already followed with respect to the compulsorily insured, and, in the second place, it is not impossible that the farmers themselves may be subjected to compulsory insurance.

With regard to the persons subject to compulsory insurance, we must observe, first of all, that, while preceding laws on employers' liability only contemplated undertakings in which more than 5 workmen were employed, on the contrary, the present law makes no such restrictions. In all industries contemplated by the law, the employer is bound to keep pay sheets showing for every employee or workman, his employment, wages, and the number of his working days. The national institute has always the right to send agents to see that these books are kept correctly. The amount of premium is calculated upon that of the wages shown in the pay book. The employer is further bound to take all precautions against sickness and accidents which experience and the progress of science has shown to be necessary and the application of which is permitted by the circumstances.

If the precautionary measures ordered by the National Institute are judged excessive or unjust, the employer may, within twenty days, have recourse to the Federal Council. Heavy fines are imposed for contravention.

This insurance is for both professional and non-professional accidents, followed by sickness, invalidity or death. The law considers that a distinction between professional and non-professional accidents, according

to their more or less direct relation to the work, would give rise to doubts and controversies. So it includes in the compulsory insurance also non-professional accidents, but while the employers are bound to pay the charges for insurance against professional accidents, on the contrary, for the other accidents, the insurance charges are borne by the Confederation and the insured workmen.

The law decides that as professional accidents shall be considered all corporal lesions suffered by an insured person : (a) in the course of work executed by him under the orders of the head of the business subject to insurance, or of one of his representatives; (b) in an act performed by the insured person in the direct or indirect interest of the business and with the presumable consent of the employer or his representatives; (c) during an interval of work, as also before or after the work, if the insured person finds himself, through no fault of his own in the rooms, or the yards or within the dangerous area of the business. On the contrary, any other corporal lesion resulting from an accident, is considered as a non-professional accident.

The inclusion of non-professional accidents within the régime of compulsory insurance gave rise to much criticism on the part of the opponents of the law : it was said that the impossibility of controlling these accidents would lead to abuse and fraud and that so the expenses of administration would be increased : it was further objected that this inclusion did not correspond with the principles of justice, since, as these were accidents to which all persons are exposed, to whatever class they belong, it was not equitable that a single class should be insured and, in consequence, participate in State subsidies, at the expense of other persons not insured. And it is asserted that the injustice is the more marked as a considerable number of foreign workmen will profit by this insurance.

But, as we have already said, the law holds that the distinction between professional and non-professional accidents presented dangers ; it further considered that from an economic point of view the distinction is not really justified ; every lesion causes the victim the same hurt, whether it is produced during professional labour or not.

We have insisted upon this point, because the Swiss agricultural classes consider the compulsory insurance of non-professional accidents as a great step forward, in as much as it is certain that the rural communes and mutual aid societies will find their expenditure for benefits reduced as a result of the new law. The labourers, victims of accidents not resulting from their work, will no longer be sent back to their homes, as paupers or almost completely without resources ; but, as they are compulsorily insured, they also will have the right to compensation for accidents befalling them.

The benefits guaranteed by the Insurance Institute are : (a) Medical attendance and medicines and compensation for unemployment ; (b) in-

validity pensions; (c) reimbursement of funeral expenses; (d) pensions to the survivors.

At the moment of the accident and during the illness consequent upon it, the insured person has a claim to the medical care and medicines demanded by the case. The unemployment compensation is only paid from the third day after the accident and for the period of the illness consequent upon it and it amounts to 48 % of the wage the insured person loses through his illness. If it is considered that the continuation of the medical attendance will bring no appreciable improvement to his condition and if the accident is followed by presumably permanent incapacity for work, instead of the above benefits, an invalidity pension shall be paid. In case of absolute incapacity for work this pension is fixed at 70 % of the annual earnings of the person, and, if the infirmity demands special care, the pension may be increased up to the amount of the total earnings. If the incapacity for work is only partial, the pension is reduced in proportion. Revision of the pension has been provided for, when the conditions of the patient alter, that is, if they improve or change for the worse: in the first three years from the settlement of the pension, revision may be made at any moment; after these three years, the pension can only be altered after the sixth and after the ninth year.

If the continuation of medical attendance gives no hope of any appreciable improvement in the conditions of the sufferer, but if, however, it seems probable that he will recover his capacity for work, once his claims are satisfied, and on the resumption of work, if, in fact, it is a case of temporary incapacity, in the place of an invalidity pension he may be paid compensation in a lump sum. The compensation shall be equal in amount to a real pension, fixed or decreasing, payable for three years at most and calculated upon the annual earnings of the insured person, taking into consideration his state of health and the degree of his incapacity for work at the date of establishing the compensation.

In case of death in consequence of the accident, the National Institute reimburses the funeral expenses, up to the amount of forty francs, to the survivors. The widow, during her widowhood, and the widower, if already infirm, or if he incurs permanent incapacity for work, within five years from the death of the insured person, have, besides, a right to a pension fixed at thirty per cent of the annual earnings of that person. Each legitimate child, even posthumous, has right to a pension of fifteen per cent, and if the grandparents are dead or die, the pension is raised to twenty five per cent and is generally granted up to the completion of the sixteenth year. Parents or grandparents, during their lifetime, brothers and sisters up to the completion of their sixteenth year, have right to pension of twenty per cent. Yet the survivors' pension cannot altogether exceed sixty per cent of the annual earnings of the insured person. If this percentage is exceeded, the

pensions of husband or wife and of the children are reduced in proportion; the extinction of the pension of one of the survivors benefits the others, in proportion and within the limits of their claims.

The benefits here indicated are accorded, equally to the insured of Swiss nationality and their survivors and to foreigners insured and resident in Switzerland and their survivors, if the legislation of the States to which they belong affords Swiss workmen and their survivors in case of sickness and accident, advantages equivalent to those granted by this law. It is for the Federal Council to name the States satisfying these conditions. The insured belonging to other States have also right to medical attendance and medicines and to the compensation for unemployment or sickness, but with regard to the invalidity pension they can only claim three fourths of the normal pension. So also the survivors of these insured can only claim three fourths of the normal survivors' pension, and by survivors in this case are understood only husband or wife, and children.

Unless otherwise provided, the unemployment compensation is paid at the end of each week, whilst, as a rule, the invalidity and survivors' pensions are paid the first day of each month in advance. Although the law ordinarily establishes the payment of the compensation in pensions instead of in capital, there are cases in which for pensions the substitution of capital has been provided for by the commutation of the pension when the amount of the pension is very small, that is less than 10 francs per month, or if the beneficiary has been resident abroad for at least a year, the National Institute may commute the pension, at its value. The law further declares that the right to the benefits insured, equally with the money received under this head, cannot be seized, nor sequestrated, nor included in the bankruptcy accounts, and any cession of rights to these benefits is null.

The premiums for professional accidents form a charge against the employers; any agreement by which the insured person binds himself to pay a part of these premiums is null; on the contrary, the premiums for non-professional accidents are borne, three fourths by the insured person and one fourth by the Federation. For the calculation of the premiums for professional accident insurance, the various kinds of business are divided by the Institute into so many classes of risks; these classes are in their turn subdivided in degrees of risks, while account is taken of the precautionary measures adopted and other circumstances affecting the risk. The process is similar for the calculation of premiums for non-professional accidents, the insured being subdivided according to the class of risk. The employer has always the charge of paying the premiums; he is therefore liable for the payment of premiums for non-professional accidents on the part of his workmen; he may stop these premiums from their wages, but this right is limited, in so far as the stoppage of the premium corresponding to a

certain period of work can only be made on the wages corresponding to that period or to the period immediately following.

For settlement of controversies which may arise as a result of the law between the insured, the beneficiaries, the insurance societies and the National Institute, each canton shall appoint a single court of first instance. Whoever brings an action against the National Institute has the right to choose between the court of his place of domicile in Switzerland, and that of the place of the Institute's headquarters. The cantons must see that the procedure in these cases is as rapid and simple as possible and if the plaintiff is indigent, he must be allowed dispensation from all deposits of caution money etc. as well as valuator's expenses, fees and stamp duty. As court of the second instance a federal court has been instituted at Lucerne.

§ 3. *Voluntary Insurance and the Special Conditions of Agriculture.*

With the compulsory insurance of workmen and employees in the previously mentioned businesses, the law also makes provision for voluntary or optional insurance. Any person not obliged to insure, who has completed fourteen years at least, may ask to be insured in the National Institute for the term of his residence in Switzerland. It is for the Federal Assembly to fix the conditions of voluntary insurance; the law declares that the assembly shall take account of the special conditions of agriculture and of the other professions interested in this insurance, chiefly with regard to the notice and declaration of the accident, the prevention of accidents, the benefits insured and the calculation of premiums. The National Institute must submit the necessary proposals to the Federal Council.

It was already stated in the Message of the Federal Council for 1906 that if the details of the voluntary insurance had been included in the law itself, its volume would have been considerably increased, while it would also have prevented the adaptation of the various kinds of voluntary insurance to the requirements of each profession. We have seen, that, on the contrary, the law leaves the Federal Assembly the task of organising voluntary insurance, but, as it adds that the Federal Assembly shall take account of the special conditions of agriculture, guarantee is given that in a near future the insurance of agricultural accidents will be organized scientifically and conformably with the requirements of the agricultural population. Further, since purely voluntary insurance indicates a sacrifice, a personal effort on the part of the insured, and consequently deserves to be encouraged, the law declares that the Confederation shall pay an annual subsidy of an eighth of the total premium (that is to say, for insurance of professional and of non-professional accidents) for each voluntarily insured person, whose annual income does not exceed three thousand francs.

The "Swiss Peasants' Secretariat" had already outlined a project for the organization of agricultural accident insurance; although the law, as we have said, entrusts the Federal Assembly with the task of organizing this insurance, the matter being suspended for the moment, we think fit to note the principal points of the scheme, as it was presented by the large agricultural association.

In order to simplify as far as possible the system of notice and declaration, it has been proposed that the agricultural employers be not obliged to declare the names of their employees and workmen, but that the number of the persons they wish to insure shall suffice. Besides, the employer should be able to insure the persons he does not employ regularly throughout the year, even for fractions of years, as, for example, for months of work of 25 days each. At the beginning of the year, the employer should calculate for each labourer who works by the day or the week, the number of months of his work, and on this basis he shall pay a provisional premium and the definite account shall be made out at the end of the year.

As for the measures for the prevention of accidents, the "Swiss Peasants' Secretariat" observed that the strict prescriptions laid down in the law with regard to preventive measures may be easily understood in the case of undertakings subject to the law on factory labour, but, if extended to agriculture, would be too heavy a burden for the employer. Certainly, the insurance ought to hinder the accidents, but it may attain the same end, by encouraging, with a diminution of the premiums, the farmers who apply the most perfect precautionary measures and, on the contrary, establishing higher premiums in the case of farms where the measures of thrift are antiquated or insufficient.

With regard to the benefits insured, it was proposed likewise to adopt a different system from that followed by the law in the case of workmen in industrial business. Instead of fixing the benefits in proportion to the wages, it was judged preferable to establish fixed and uniform benefits. This system has the advantage of great simplicity and seems also to correspond to the principles of justice; in fact, the workman, victim of an accident, receiving a very low wage, was able to economise less easily than a workman who, on the contrary, had a high wage, and it is not clear why the State should favour the latter, especially when the uniformity of field life itself is considered. The pension should be the same, whether the accident befalls an inferior servant or a well paid herd. If the farmer wishes to insure himself or his workmen for larger amounts he will be free to do so in private insurance societies. A difference can only be allowed for sex and marriage. Therefore proposal was made to establish three classes of risks, the first for unmarried men and married women, the second for married men and the third for unmarried women. Deciding first of all that the compensation for unemployment

or sickness should not be high, so as to prevent simulations, the "Swiss Peasants' Secretariat" presented the following proposals with regard to the amount of compensation.

| | 1st clas (francs) | 2nd class (francs) | 3rd class (francs) |
|---|----------------------|-----------------------|-----------------------|
| | — | — | — |
| 1. Compensation for unemployment in case of total incapacity for work | 1,20 | 1,50 | 1,00 |
| 2. Monthly invalidity pension in case of total incapacity for work. | 40,— | 50,— | 30,— |
| 3. Monthly pension for survivors. | | | |
| a) for the widow | — | 20,— | — |
| b) „ „ widower | 15,— | — | — |
| c) „ „ each child | 10,— | 10,— | — |
| In case both parents are dead | 15,— | 15,— | — |
| d) for parents and grandparents, and brothers and sisters, in all. | 12,— | 12,— | 12,— |

The total amount of the survivors' pensions should not exceed forty francs per month.

Finally, as to the fourth point, in which the Federal Assembly must take special account of the conditons of agriculture, that is, in the calculation of premiums, the Swiss Agricultural Associations also presented a group of proposals.

Like the insured benefits, the insurance premiums for agricultural accidents cannot be calculated on the basis of wages, but must be uniformly established for the three classes above indicated. In order to simplify the bookkeeping, the premiums should only be calculated for a full month, each fraction counting as a whole month. A low premium may be fixed for each of the three classes; it may be increased for employments offering greater risks, and diminished for those in which preventive measures have been adopted.

In the Ordinary Meeting of the delegates of the Swiss Peasants' Union, held at Berne on the 29th. September, 1911, National Councillor Jenny undertook to calculate the probable amount of the premium for the farmer who desires to insure himself against accidents in the National Institute. In calculating compulsory insurance premiums, we start from the hypothesis that, on an average, these premiums must be 3 % of the wage; now, as compulsory insurance includes the most serious risks and as agricultural enterprise without doubt presents, on an average, a lower risk, M. Jenny estimated that generally the maximum premium to be paid by the farmers will be 2½ per cent of the wage.

In agricultural work the annual wage consists of two parts ; payment in money and board or maintenance ; if the first may be easily estimated, it is not the same with the second, for which, in fact, only an approximate calculation can be made, until the proposed special law on insurance against accidents in agricultural labour has indicated the principles to be adopted in calculating it. In any case, it may be held that the annual wage of agricultural labourers reaches an average of from 800 to 1,000 frs. M. Jenny starts from the hypothesis of an annual wage of 800 francs : if the maximum premium is 2.50 %, it will be in this case 20 francs. We have seen that the Confederation pays, for each voluntarily insured person, a subsidy of an eighth of the premium : in this case it will be 2.50 frs.

For the agricultural employer then the premium would be 17.50 frs. but it remains to be seen whether and how the new law on agricultural accident insurance will distribute the burden of the premium between employers and employed.

We have already observed that voluntary insurance may be undertaken not only by the National Institute but also by private societies, in contradistinction to compulsory insurance which is exclusively undertaken by the National Institute. The "Swiss Peasants' Union," considering that farmers insuring in the National Institute, and thus having right to the Federal subsidy, may obtain better conditions than from the private societies, also for this reason sought to favour the approval of the law in the popular referendum of 4th. February last.

§ 4. *Liability Insurance.*

The National Insurance Institute is authorized by law to undertake not only accident insurance for the voluntarily and compulsorily insured but also liability insurance. Art. 118 of the law declares in fact that the heads of undertakings for which insurance is compulsory, as also the heads of undertakings and their employees and workmen for whom voluntary insurance is permitted may insure for their own account, with the National Institute, third persons against risks for which, in cases of slight fault on their part, they are legally liable.

As for voluntary accident insurance, also in this case the law entrusts the Federal Assembly with the care of fixing the conditions of this liability insurance, which the law styles voluntary insurance of third parties. The National Institute shall submit proposals on the matter to the Federal Council. For this class of insurance federal subsidies can only be granted by a legislative measure.

These provisions themselves are of considerable interest for farmers, and in the reports of the "Swiss Peasants' Union," the importance of this class of insurance for the rural classes is very well brought out.

Agricultural enterprise cannot be compared with industrial enterprise. Agricultural work is not performed in a closed building where the work only lasts a certain time, but outside, in the fields, in the woods, on the threshing floor, on the roads, etc. This is why agriculture is exposed to greater dangers as an accident may happen not only to persons engaged in the farmwork, but even to strangers. Thus, for example, the farmer is liable for damage caused by his animals : now the increased means of communication have brought about a much greater movement of persons on the country roads than formerly and it is evident, that the farmer owning animals runs much greater risk.

The " third parties " of whom the law speaks and towards whom the farmer will insure his liability, include all those who are not his permanent employees or who at least are not occupied on his farm for more than twenty five days in the year. In this class are included day labourers engaged only occasionally, neighbours who at need give their assistance, etc. And it will be understood that the insurance is not only advantageous for the farmer in so far as he is thus delivered from risk of a process through a slight fault on his part or on the part of his subordinates, which might end in his being condemned to pay large sums in compensation and might be consequently ruinous for his farm ; but it will be understood that the insurance has evident advantages also for the third parties. Often the farmer is not quite in a position to pay large amounts, and the third party must renounce his action or content himself with a partial compensation. On the contrary, when the farmer is insured, the third parties are guaranteed satisfaction of their claims. The law we are examining entrusts the Federal Assembly to establish the conditions of this voluntary insurance of third parties, and there is no doubt that in the accomplishment of this task attempt will be made to organize this branch of insurance conformably to the real requirements of the agricultural population.

PART II.

Expenses of the Confederation.

We have already mentioned when speaking of sickness insurance, the subventions by which the Federation encourages the foundation and facilitates the working of the insurance societies. For accident insurance the law lays down that the Confederation shall reimburse the National Institute the half of its working expenses. In addition, (a) it shall provide the Institute with an initial capital of 5 million francs ; (b) it shall endow the Institute with 5 million francs to form a reserve fund ; (c) it shall bear the expenses incurred by the National Institute before the commencement of its

operations, with the exception of the purchase and maintenance of real estate.

All these amounts shall be paid out of the federal insurance fund.

In the second place, the correspondence of the Board of Administration of the Institute and of the management shall be free of post as also shall be that of the agencies addressed to the Institute, on matters of its service.

Finally, the National Institute is declared exempt from taxation, except for its real estate not directly used for the insurance service. Legal deeds directly regarding the service of the Institute are exempt from all duty.

We have already said that the total expenses imposed on the Confederation by the application of the law were calculated for the first years of it working at about 3 million francs a year; the following tables show clearly the various hypotheses on which this calculation is based. We think it well to reproduce them in full.

A. — SICKNESS INSURANCE.

I. *Voluntary Insurance*

| | Frs. |
|---|-----------|
| (a) Children insured (to the number of 100,000): annual subsidy of 3.50 frs. | 350,000 |
| (b) Men insured, compensation in money or medical attendance and medicines (in number 255,000): annual subsidy, 3.50 frs. | 892,500 |
| (c) Women insured, compensation in money or medical attendance and medicines (in number 70,000): annual subsidy, 4 frs. | 280,000 |
| (d) Men and women insured in societies guaranteeing both medical attendance and medicines and a compensation in money (in number 235,000): annual subsidy, 5 francs | 1,175,000 |
| (e) Subsidies to societies insuring maternity risks; (on the supposition of 6 cases of pregnancy in 100 insured women), 20 francs per case | 280,000 |
| (f) Subsidies to societies insuring allowances for nursing of children (on the supposition that the number of the women who nurse their children is a third of those who become pregnant): 20 frs. per case | 94,000 |
| | 3,071,500 |

2. *Compulsory Insurance Organized by Cantons or Communes*

| | |
|--|---------|
| (a) Compulsorily insured (to the number of 140,000) annual subsidy, 4 frs. | 560,000 |
| (b) Compulsorily insured paupers; (to the number of 35,000) ; annual subsidy 2 francs | 70,000 |
| (c) Subsidies for maternity insurance | 56,000 |
| (d) Allowance to Mothers nursing their Children | 18,000 |
| | <hr/> |
| | 704,000 |

3. *Supplementary Subsidies for Mountain Regions:*

| | |
|--|---------|
| (a) Subsidies to the societies of these regions; (on the supposition that the insured are 50,000 in number): maximum subsidy per insured person, 7 francs ; subsidy estimated, 6 francs | 300,000 |
| (b) Subsidies to cantons or communes in behalf of institutions for the diminution of expenses in the treatment of the sick; annual subsidy per insured person, 3 frs. | 200,000 |
| | <hr/> |
| | 500,000 |

4. *Subsidies to societies insuring their members benefits for
at least 360 days* 200,000

5. *Working Expenses* 100,000

Total . . . 4,575,000

In the original bill of 1906 the annual expenses for sickness insurance were estimated at only 3,256,000 francs and the special subsidies to societies for which the conditions of the district rendered the grant of medical attendance and medicines specially burdensome was not to exceed 200,000 francs a year.

B. ACCIDENT INSURANCE.

For this branch of insurance, it is calculated, in accordance with the labour inspector's reports and the industrial census returns that the number of compulsorily insured will be about 550,000, and that of the volunt-

arily insured, 150,000, on the hypothesis, that in Switzerland the average annual earnings of labourers amount to 1,200 francs. On this supposition the confederation would have to bear the following expenses.

| | Frs. |
|--|-----------|
| (1) <i>Half the working expenses</i> | 1,428,000 |
| (2) <i>An eighth of the premium for professional accident insurance of the voluntarily insured</i> | 648,000 |
| (3) <i>An eighth of the premium for non-professional accident insurance of the voluntarily insured</i> | 130,500 |
| (4) <i>A fourth of the premium for non-professional accident insurance of the compulsorily insured</i> | 957,000 |
| | 3,163,500 |

According to the original bill of 1906, the estimated annual cost of accident insurance was 3,650,000 francs.

In the third place, we must add to the costs of the organization of sickness insurance (4,575,000 francs) and those of accident insurance (3,163,000 francs) the amount allocated for the federal insurance tribunal at Lucerne (about 160,000 francs). The total charges the Confederation will have to support as a result of the new law will be 7.9 million francs: if we take account of the information furnished by the last census, the cost of the insurance distributed among the taxpayers will be 2.10 frs. per annum.

We have already said that to cover these expenses, recourse must be had to the federal insurance fund, founded with the balance from the State accounts for the preceding years, and, at the end of 1911, amounting to about 40 millions.

Conclusion.

The law we have just examined, approved by the National Council and the States Council on June 13th., 1911, published the following day in the "*Feuille fédérale Suisse*" (Swiss Federal Paper) approved in popular referendum of February 4th., 1912, will only fully come into force on January 1st., 1914. In the interval, amongst other things, the National Accident Insurance Institute must be founded, the classes of risks and tariffs of premiums established, the agencies founded, the insurance court organized and the cantons invited to fix the rates for medical assistance and medicines.

In the meeting held at Berne on September 29th., 1911 by the "Swiss Peasants' Union" a resolution in favour of the law was passed on the ground that :

(1) the federal law on sickness and accident insurance will improve the position of labourers on wages and contribute in this way to the decrease of social inequalities ;

(2) the new law subsidising mutual aid societies as well as accident insurance societies and facilitating medical attendance in the country, in the mountain regions more especially, will be of real advantage to agriculture.

The approval of the law is also a victory for the agricultural associations which had been such champions of it, and serves to show the sentiment of solidarity uniting these associations. Their number is about 6,000, amongst which not one declared itself contrary to the law. But as the manager of the "Swiss Peasants' Secretariat" justly observed, their task is not terminated ; on the contrary, the approval of the law assigns new tasks to them and new duties. They must encourage the foundation of sickness insurance societies among the farmers, increase the number of members of the already existing societies, adapt their rules and regulations to the conditions established by the new law, so that they may obtain recognition and consequently receive the State allowance; the insurance societies, finally, must associate, so as to facilitate their technical organization.

With regard to accident insurance, means must be sought in order that the farmer may be insured against this risk on more favourable conditions than those now offered to him, that actions on the score of liability may be limited to cases in which there has been really serious negligence, finally, that a scientific organization of liability insurance may be started.

To effect the realisation of these desires, and to contribute to the strict application of the new law is the noble task the Swiss agricultural associations have now before them.

* * *

The publications we have utilised for our article are the following :

Official Publications :

Message of the Federal Council to the Federal Assemblies on the Sickness and Accidents Insurance Bill. Berne, 1906.

Federal Law of June 13th, 1911 on Sickness and Accidents Insurance. Berne.

Unofficial Publications :

Publication of the "Swiss Peasants' Secretariat." No. 28. The Position of Agriculture relative to the Sickness and Accident Insurance Bill of the Federal Council (December 20th, 1906). Berne, 1907, No. 38. - 12th Annual Report of the Managing Committee of the Swiss Peasants' Union and Swiss Peasants' Secretariat. Berne, 1910: No. 41. - Short hand Report of the Debates of the Ordinary Meeting of the Delegates of the Swiss Peasants' Union held on the 29th September, 1911, in the hall of the Great Council at Berne. Berne, 1911.

GREULICH. Das Bundesgesetz über Kranken und Unfallversicherung (*Federal Law on Sickness and Accidents Insurance*). Zurich, 1912. Füssli.

PART III.

CREDIT.

CREDIT

GERMANY.

CURRENT QUESTIONS.

Relation between Long Term Investments of Capital in Agriculture and in Manufactures.

Sources :

(a) Official Publications :

Vierteljahrsheft zur Statistik des deutschen Reiches (*Quarterly Statistical Bulletin for the German Empire*), 1910, II ; 1911, II, 1911, IV.

(b) Other Publications :

H. HIRCHSTEIN : Der langfristige Industriekredit (*Long Term Industrial Credit*) in "Die Bank", January, 1912. Berlin.

MULLY VON OPPENRIED : Die Hypothekenanstalten in Deutschland und Oesterreich-Ungarn. (*Mortgage Credit Establishments in Germany and Austria*). Vienna, Hödler, 1911.

In these days when we have seen credit take the place of money on the exchanges, by a rapid and inevitable movement, we may distinguish on the money market four large rival economic groups seeking long term loans.

The persons in need of rural land credit form the first group; the second includes the "*industrials*" whose work requires long credit, and the third group is composed of dealers ; it is, besides, very difficult, at least from the point of view of financial statistics, to distinguish clearly between the second and third group. With these there is a fourth group, formed of the State, always in search of money, the municipalities directly interested in production, and other institutions in public law.

The question of the relations that may exist between this fourth group and industrial and commercial mortgage credit, is one of those with which the financiers and politicians of the various countries have been long occupied. On the other hand, the problem has not yet generally been studied

from the point of view of agricultural credit, and that is why we wish here to contribute to the examination of this side of the question.

Let us first of all try to estimate approximately the amount of capital invested by each of these four chief groups. According to the article on land credit in Prussia, published in the Bulletin of Economic and Social Intelligence (November-December, 1911), the Prussian rural mortgage debt at the end of 1911 amounted to about 10 milliards of marks, representing loans granted both by credit establishments and by private persons. As regards the other German States, we are preparing a study of the Kingdoms of Bavaria, Saxony, Württemberg, etc., and we shall rely, for the moment, on the figures it has enabled us to obtain, while we wish to say that they are only approximate and provisional. We shall submit them later to a final revision, and with this reservation we say; the capital invested in long term mortgages in Germany in *Agriculture* at the beginning of 1911 amounted to a maximum of from 14 to 16 milliards of marks, about the half of which was furnished by various credit establishments (Landschaften, savings banks, etc.) and the other half by private persons.

The estimated amount of capital lent under similar conditions exclusively to *industry* has recently been published for the first time in the German official statistical return, and the total amount of industrial bonds in circulation at the end of 1910 and the beginning of 1911 was shown as about 4 milliards of marks (3,964 millions). Of these bonds only 580 millions of marks were to bearer and 3,378 millions were personal.

The following table serves to show the proportion in which this capital is distributed among the various industries:

| Industry | Total Value of Bonds Issued | | Number of Establish- ments issuing Bonds | |
|---|--------------------------------|-------|---|-------|
| | Millions of marks | % | Total | % |
| Mining and Metallurgical | 1,066 | 26.9 | 290 | 14.4 |
| Electrotechnical | 235 | 5.9 | 18 | 0.9 |
| Gas, Water and Electricity | 325 | 8.2 | 122 | 6.0 |
| Textile | 157 | 4.0 | 153 | 7.6 |
| Brewing and Malting | 193 | 4.9 | 320 | 15.9 |
| Railways and Tramways | 477 | 12.0 | 109 | 5.4 |
| River and Sea Navigation | 208 | 5.2 | 40 | 2.0 |
| Machine Construction, Chemical Industries, Co-operative Building Societies and other undertakings (1) | 1,302 | 32.9 | 965 | 47.8 |
| | 3,964 | 100.0 | 2,017 | 100.0 |

(1) This group includes industries too various one from the other, and it would be very advisable to particularise further.

Most of these industrial societies (1,576 representing 3,262 millions of borrowed capital) were societies limited by shares.

Yet these 4 milliards worth of industrial bonds at fixed interest certainly do not represent the total private capital invested in industry. We must add a large number of long term mortgages on landed property that Prof. Mully von Oppenried estimates as follows: according to him, and his figures are perhaps a little too high, the urban and rural loans in Germany in 1908 amounted to a gross total of 48 milliards of marks. They may, therefore, now be about 51 milliards, of which 15 milliards, according to our abovementioned calculations, would be agricultural. As to the other 36 milliards of urban mortgages, the statistics of the German mortgage banks, prepared with the greatest accuracy, fix the amounts lent by mortgage banks limited by shares at 11 milliard marks, in the same way, those lent by savings banks may be calculated at 6 milliards, those by the insurance companies at 4 milliards, and the rest — 15 milliards — would be lent by individuals.

On the other hand, industry alone has not absorbed the whole 36 milliard marks lent on urban mortgages, but statistics were insufficient to establish the relation in which they are distributed between industry, *trade* and landed property.

If we consider the number of persons engaged respectively in these three branches of economic activity, we may consider that the greater part of the capital has gone directly or indirectly to profit industry in various ways: for example, many capitalists have employed the amounts obtained by mortgage in purchase of shares or in obtaining a direct interest in some industry. It is not seldom either that the capital an heir has obtained by means of urban mortgage to pay out his co-heirs, has been afterwards invested by these in securities of every sort, agricultural, industrial, commercial or public.

One of the difficulties that financial statistics encounter is precisely in the estimation of this capital corresponding to mortgage loans and figuring first as such, and, later on, partly in the amount of securities in circulation, being thus counted twice.

Evidently, we cannot even consider as capital invested in industry the whole amount of the 4 milliard marks worth of industrial bonds, seeing that about 2 milliard marks (to be precise, 2,050 millions of marks out of 3,964) are guaranteed on mortgage and are already included under this head in the total amount of 36 milliard marks of urban mortgages or at least in the total of 51 milliard marks of urban and rural mortgages.

This serves to show how difficult it is to arrive at a positive result on certain apparently simple matters of the statistics of capital, matters, however, it is indispensable to get clear, if we desire to have a faithful picture of the economic situation of a country.

With these reservations, let us pass to the fourth group, which, equally with the others, demands capital on the market. We have already seen that this group includes the *State and the communes*. At the end of 1910 they had absorbed the amount of 25 milliards of marks, of which 19 milliards 300 millions were obtained by the Empire and the Federal States, and 5 milliards 700 millions by the communes.

Summarising the data obtained up to the present we get in round numbers the following results :

| | milliards of marks | |
|--|--------------------|-------------------------------------|
| Long Term Loans contracted by the State | 19.3 | } 25.0 <i>The Public</i> |
| Long Term Loans contracted by the Communes | 5.7 | |
| Industrial Bonds <i>not</i> secured on Mortgage | 2.0 | |
| Urban Long Term Mortgages of the Banks Limited by Shares | 11.0 | } 38.0 <i>Industry and Commerce</i> |
| Urban Long Term Mortgages of the Savings Banks and Public Establishments | 6.0 | |
| Urban Long Term Mortgages of the Insurance Companies | 4.0 | |
| Urban Long Term Mortgages of Private Capitalists | 15.0 | |
| Rural Long Term Mortgages of the "Landschaften" and Public Societies | 3.5 | |
| Rural Long Term Mortgages of the Savings Banks | 3.5 | } 15.0 <i>Agriculture</i> |
| Rural Long Term Mortgages of the Banks and Insurance Companies | 0.5 | |
| Rural Long Term Mortgages of Private Persons | 7.5 | |

Now, as we have already observed, this is only a part of the nominal amount of these amounts of capital representing the relation between the real demand for loans made to the financial market by each of the four above mentioned groups.

It would be possible to establish a comparison between the demands emanating from each of these four groups only in the case of bonds at fixed interest, as may be seen in the article in the "Bank," we have referred to and as is indicated in the following table :

| | Milliards of marks |
|---|--------------------|
| Debts of the Empire and of the Various States | 19.3 |
| Municipal Debts | 5.7 |
| Land Bonds of the "Landschaften" | 3.8 |
| " " " " Public Societies | 1.9 |
| Mortgage Banks | 11.0 |
| Industrial Bonds | 4.0 |

On the other hand, we must only take these figures as the minimum limit of the competition made by the various groups of borrowers on the German money market; in fact, it cannot be doubted that many of the creditors of the groups in question, as, for example, the insurance companies that invest 4 milliards of marks of their fortune in urban mortgages, will consequently buy 4 milliards marks less of State securities and of the *lettres de gage* of the "Landschaften." The same is true for the part of the funds invested by the savings banks and this is why a bill has just been presented (for the second time) in Prussia, to oblige the savings banks to increase the proportion of the capital they invest in State securities.

The Statistics do not permit of our giving at present a more exact account of these important matters. For the moment, we must content ourselves with indicating the problems connected with this new class of statistics. We shall return to the subject when we have the new data announced in the last official publication.

CREDIT

ARGENTINA.

I. — CURRENT QUESTIONS.

Value of Land and Rural Mortgage in Argentina.

Sources :

E. LAHITTE : "La propiedad rural". Buenos Ayres, 1911. (*Rural Property, Buenos Ayres, 1911*).

Official Statistics :

Estadística agrícola, 1910-1911. (*Agricultural Statistics*). Buenos Aires, 1911.

§ I. New Sales of Land.

Last August we published a monograph on the position of rural land credit in the Argentine Republic. Since the publication of that study we have received further material which allows of our following the course of mortgage business up to the end of 1910. As a supplement bringing the above monograph up to date we give below the new data with the necessary explanations.

The land sold in 1910 had a total area of 13,710,934 hectares and the amount thus realised was 789,854,109 frs. In the preceding years, from 1906 to 1909, the sales were never of so large an area, or amount, as is seen from the following figures :

| Year | Area of Land sold, in hectares | Value of Land sold, in frs. |
|----------------|-----------------------------------|--------------------------------|
| 1906 | 10,794,875 | 452,430,673.20 |
| 1907 | 7,527,935 | 390,141,347.20 |
| 1908 | 7,286,899 | 474,747,097 — |
| 1909 | 8,642,387 | 581,923,980 — |
| 1910 | 13,701,934 | 789,854,109 — |

However, this increase in the amount of sales is only in the total, for new calculations show that the price per hectare, in 1910, was less than that of the two previous years:

| | |
|----------------|------------|
| 1906 | 42.19 frs. |
| 1907 | 51.82 " |
| 1908 | 65.15 " |
| 1909 | 67.45 " |
| 1910 | 57.64 " |

It must always be remembered that this decrease does not mean a general depreciation in value of Argentine land, but is due to the fact that a large part of the new lands sold in 1910 was virgin soil, not yet cleared and uncultivated. Consequently, its price was far below that of the land already cultivated, or being brought under regular cultivation. In this way, the general average diminished, whilst the price of land is seen to have been always rising, when we consider the value of the same lands year by year.

On comparing the periods 1901-1905 and 1906-1910, we find also a considerable increase in the value of land sold.

| Years | Hectares sold | Amount in francs |
|-------------------|---------------|------------------|
| 1901-05 | 45,699,564 | 1,415,007,279.40 |
| 1906-10 | 47,954,030 | 2,689,097,206.40 |

That is to say, in the period 1901-1905 the average price per hectare was 30.98 frs; in the period 1906-1910 the average price was 56.07 frs.

This continual increase in the price of land sold is due to various causes, according to the region. For example, in the:

Provinces and Territories of the North and of the Andes, the increase is due: to the construction of dykes — Jujuy, Catamarca and Salta —; to railway construction — Mendoza and San Juan —; to irrigation works — Mendoza; etc.

In the *Region "Mediterranea y del litoral,"* the increase is due to the facility of means of transport. Thus, in the Province of Cordoba the rise in price of land is due to the canalisation and dyking of the River Tercero; in the Province of Entre Rios to the construction, of harbours on the rivers Paraná and Uruguay; at Santiago del Estero and San Luiz to works for the irrigation of lands that could not previously be cultivated, etc.

In the *Region of Patagonia*, the increase in price is consequent upon canalisation and dyke construction, as, for example, along the Rivers Neuquen, Negro and Limay in the Provinces of Neuquen and Rio Negro. (1)

(1) Compare the information on the mountain system in the monograph in the number of this Bulletin for August, 1911.

It is true that the sale of land has occasioned unavoidable speculation and, consequently, the amount of sales has remained stationary or has decreased, in certain years, but altogether a constant rise in price may be observed.

§ 2. Rural Mortgages Registered in 1910.

As most of the sales are settled by means of large registered mortgages, both in the case of new State lands. — in which case only about 10 % of the purchase price is demanded in cash — and in that of private sales, in which the large Land Credit Societies we spoke of in our monograph intervene — it is clear that we shall find an increase again in the rural mortgages in 1910.

Thus the rural mortgages amounted to 481,259,706.40 frs. whilst in all the previous years so large an amount was never reached, even in 1905, when the area of land sold was much larger. The proportion between the amount of mortgages and the amount of land sold in 1910 was 61 %; but in the preceding years this proportion fluctuated considerably, as may be seen in the following table for the period 1906-1910.

| Years — | Amount of Land sold, in frs. — | Amount of Mortgages, in frs. — | Percentage of Mortgages to the Amount of Land sold — |
|----------------|---|--|---|
| 1906 | 452,430,673 | 236,753,798 | 52.3 |
| 1907 | 390,141,347 | 289,071,761 | 74.0 |
| 1908 | 474,747,097 | 300,899,196 | 63.0 |
| 1909 | 581,923,980 | 348,515,939 | 59.9 |
| 1910 | 789,854,109 | 481,259,706 | 60.9 |

However, the average proportion for this period is the same as the proportion for the preceding year; in 1906-1910 the total sales were 2,689,097,206 fr. and the amount of rural mortgages 1,656,500,401 frs. that is, during the period the proportion between the amount of rural mortgages and that of the land sold was 61 %.

Of the whole amount of mortgages, 61 % guarantee loans of between 2,200 frs. and 88,000 frs. on lands the selling price of which varies from 1,100 frs to 44,000 frs, as can be seen in the following table :

| Mortgages classified according to Amount in frs. | | Number of Rural Loans | | Percentage of total |
|---|-----------------------|-----------------------|-------|------------------------|
| under | 2,200 | | 164 | } 61,77 |
| between | 2,201 and 4,400 | | 463 | |
| " | 4,401 — 11,000 | | 762 | |
| " | 11,001 — 22,000 | | 631 | |
| " | 22,001 — 44,000 | | 666 | |
| " | 44,001 — 66,000 | | 657 | |
| " | 66,001 — 88,000 | | 421 | |
| " | 88,001 — 110,000 | | 495 | |
| " | 110,001 — 220,000 | | 697 | |
| " | 220,001 — 330,000 | | 505 | |
| " | 330,001 — 440,000 | | 376 | |
| " | 440,001 — 1,100,000 | | 181 | |
| " | 1,100,001 — 22,000,00 | | 69 | |
| over | 22,000,001 | | 9 | |
| Total Loans . . . | | | 6,101 | |

The purchaser of a piece of land without means to farm it may likewise resort to mortgage for a loan extinguishable in instalments.

This explains the enormous amount of rural mortgages which amounted to 2,387,254,159 frs. in the decade 1901-1910. In fact, if the cultivation of the land had not been renumeration, and sufficiently so for the extinction of the debt, there would evidently have been a diminution of the loans, the sales of land would have decreased and there would have been a fall in the price of land, contrary to all we have just shown.

The capital employed in this business is furnished chiefly by foreign companies established in the Argentine Republic, with this principal object.

However, a large part of the credit afforded to Argentine agriculture is provided by the *National Mortgage Bank*, with regard to which we give the following data :

| | Amount of the loans | | % of Total loans |
|----------------|------------------------|-----|---------------------|
| 1906 | 33,416,560 | fr. | 14.11 |
| 1907 | 27,477,760 | „ | 9.50 |
| 1908 | 28,315,320 | „ | 9.11 |
| 1909 | 45,860,034 | „ | 13.15 |
| 1910 | 84,827,380 | „ | 17.60 |

These figures show that the *National Mortgage Bank* lent in the course of the year an amount of 84,827,380 frs representing 17.60 % of the total mortgages of the same year, amounting, as we have already said, to 481,259,706 frs.

Yet we must observe that as exact figures and statistics for the cancellation of mortgages are still wanting, at least in the authorities at our disposal, it is not yet possible to give an exact idea of the character and nature of credit on mortgage in Argentina. Let us hope that future statistical enquiries will fill the gap.

II. — RECENT NEWS.

Work of the Credit Institutions.

I. — *La Banque hypothécaire franco-argentine (Franco-Argentine Mortgage Bank)*. — An increased development of the business of this bank was apparent in the working year closed on the 30th. June, 1911.

As is seen in the report presented at the general meeting on November 25th., last year, the balance sheet showed 206,953,878 francs against 154,943,754 francs in the previous year.

The available profits added to the surpluses of the previous years were as follows :

| | Working Years | |
|--------------------------------|---------------|--------------|
| | 1909-1910 | 1910-1911 |
| Profits for the year | 1,489,444.70 | 3,506,195.19 |
| Surplus from previous year . . | 790,383.67 | 1,001,358.90 |
| | 2,279,828.37 | 3,506,195.19 |

The dividend for the year 1910-1911 was 10 % of the paid up capital or 12.50 frs. per share (*action*), against 9 % or 11.25 frs. in 1909-1910.

Examining the balance sheet of this bank in detail we find appreciable increases as compared with the previous years.

The total amount of loans on mortgage above all claims our attention. It increased from one year to the other, from 41,448,277.30 frs. in 1909-1910 to 45,428,293.60 frs in 1910-1911.

| | Working Years | |
|-----------------------------|---------------|----------------|
| | 1909-1910 | 1910-1911 |
| Loans on Mortgage | 85,480,750 | 130,909,043.60 |

Let us observe that during the last working year 295 applications for loans were presented for a nominal amount of 156,732,850 francs. 168 of these applications, representing 103,740,850 francs, were rejected, so

that only 127 new loans were granted for the amount of 52,992,000 francs. The repayments, including those made in advance, amounted to 4,746,706.40 frs.

The examination of the loans current on June 30th., 1911 shows that 94 % of the total were rural loans. This shows the continually growing importance of the Bank for agricultural concerns.

| | Urban Loans | Rural Loans |
|---|----------------|----------------|
| Amount frs. | 7,688,250 | 123,220,763.60 |
| Total urban and rural loans » | 130,009,043.60 | |
| Amount of property mortgaged according to the valuation » | 16,580,641 | 337,831,083.— |
| Total amount of Property mortgaged according to the valuation | 354,411,724.— | |

| | Urban Loans | Rural | Total |
|--|-------------|---------|---------|
| Proportion of the total loans to the value of land mortgaged . | 46.72 % | 36.47 % | 36.93 % |

With this considerable difference between the amounts lent and the value of the properties mortgaged, the bonds issued by the *Mortgage Bank* are very well secured. We must further observe that if the guarantee of the obligations is already well assured by observance of the rules limiting the loans to 60 % of the value of the mortgaged property, this security has continually increased in recent years through the considerable increase in value of land in Argentina. The need of capital is enormous in that country, in consequence of the intensity of the work of agricultural transformation, necessitated by the cultivation of new land, the arrangement of the farms and the marking of their boundaries. For this reason, the business of this Bank is continually increasing. During the period from June 30th. to October 31st., 1911, the new loans reached the amount of 15,090,000 francs.

Consequently, the Board of Management persuaded the special meeting, on November 25th. last, unanimously to approve the proposal to raise the capital to 75 million francs, by the creation of 50,000 new 500 francs personal shares, like the previous ones, liberated on the

payment of one fourth only. Meanwhile, to meet the new requirements of capital, the Board of Management issued 100,000 new shares at 4 % interest.

(Summarised from an article by A. Lechenet in the *Economiste Européen*).

*
* *

2. — **National Argentine Mortgage Bank.** — A new law has reorganised this establishment amending its rules (law No 8. 172).

We think it well to point out the chief innovation introduced by the law :

Henceforth loans on mortgage may be granted on *lettres de gage*, for buildings in the chief towns, and, in the second place, in those of lesser importance with, however, more than 10,000 inhabitants.

With the amounts available, the Bank may grant loans on mortgage in money, secured by property in the National territory, for a period of less than five years, to be repaid by annuities or not, and for an amount not exceeding 20,000 pesos.

Other legislative provisions concern loans granted for works of importance from the hygienic point of view, to be carried out in the territory of the Republic.

According to the new rules, the Bank may, with the consent of at least two thirds of the Members of the Board of Management and the approval of the executive authorities, increase its capital in circulation up to 500 million pesos in mortgage bonds.

Any increase is to be made in partial amounts not to exceed 50 millions.

Article 37 of the new law provides that in the estimation of agricultural or livestock improvement establishments, account shall only be taken of the value of the land and 20 % of the value of the buildings serving for the work.

Without the necessity of recourse to the law, the Bank may, by virtue of article 45 of the new law, proceed to preventive sequestration of the revenue of the mortgaged estate, for payment of interest and maintenance of the property, if the debtor allows 90 days to pass after the date on which he should have fulfilled his obligations.

Articles 51 and 58 then authorize the Bank to sell the mortgaged properties independently of any form of judgment. In such case, it must place at the disposal of the judicial authority the excess of the sum obtained over the amount of its credit.

Article 79 reserves to the National Mortgage Bank only the right to issue mortgage bonds on properties in the capital of the Republic or within the National territory.

The Provincial Governments may authorize the foundation of mortgage Banks with liberty to make loans for a period of more than ten years, secured on property within their respective territories.

(Summarised from *El Economista*, November 11th, 1911).

*
* *

3. — *Argentine Land Credit Institute.* — The *National Discount Counting House* of Paris and the *General Society* of the same city have made a new issue of 500 francs bonds at 4 % for the account of the *Argentine Land Credit Institute*, absolutely similar to those already in circulation.

The special object of the Argentine Land Credit Institute, as was said in an article published in this *Bulletin* (August, 1911, p. 189), is lending on mortgage.

The capital was fixed at the start at 25 million francs, but the development of the business of the society has necessitated the increase of this amount, which has been raised to 50 million francs. This capital is divided in 100,000 500 francs shares (*actions*), liberated on payment of the half and personal. These shares are now quoted at 810 francs.

The publications required by the law have appeared in the supplementary Bulletin of the *Official Journal*.

The balance sheet of this Society showed 233,939,190.12 on December 31st., 1911, as is seen in the last report of the board of management presented at the ordinary shareholders' meeting on March 25th., 1912.

The amount of mortgage loans was 177,297,340.95 frs. on December 31st., 1911 against 136,849,775.43 frs. lent in 1910; thus there has been the considerable increase of 41,447,565.52 frs. in the amount of operations conducted in the last working year, as compared with the preceding year.

The net profits of the fifth working year of this Society, closed on December 31st., 1911, were 5,842,454.79 frs.: out of this a dividend was given of 30 francs per share, which corresponds to 12 % interest, and 10 frs on the dividend shares.

(Summarised from the Reports of the Board of Management, presented at the ordinary shareholders' meeting on March 25th., 1912 and a notice in the *Economiste Européen* of December 13th., 1910).

* * *

4. — **Société Anonyme Industrielle et Pastorale Belge Sud Américaine** — (*Belgian South American Industrial and Pastoral Society, Limited*) According to the last balance sheet, closed on June 30th., 1911, with an amount of 47,483,817.84, the net profits realised were 1,802,393.95 frs. against 1,743,617.61 frs. on June 30th., 1910.

The operations of purchase and sale of land by the Society for its own account or in partnership greatly increased in the last working year, exceeding by 2,711,112.61 frs those for the previous year. The mortgage loans granted directly by this Bank amounted to 31,467,745.45 frs. on June 30th., 1911; those granted in co-partnership to 2,895,000 frs.

In October 1910, in consequence of the continual increase of business this Society issued 10,000 bonds at 5 %, of a nominal value of 500,000 frs. (Series G), and in February, 1912, proceeded with the issue of 10,000 other 500 franc bonds at 5 % (Series H), and 2,000 privileged shares of 1,000 frs each, at 6 %.

The constant financial extension of this society appears from the following figures, which show the fluctuations in the capital and in the profits distributed, commencing with the first working year closed on June 30th., 1895 up to the last year closed on June 30th. last.

*
* *

5. — *Mutual Land Credit Institute*, "El Hogar Argentino", — A note in the *Economiste Européen* announces that the 4 ½ % bonds issued on December 9th., 1911, by the *Mutual Land Credit Institute*, "El Hogar Argentino," through the *Commercial and Industrial Bank* and the *Society of Provincial Banks*, have met with the greatest favour and not all demands could not be satisfied.

(Summarised from the *Economiste Européen*, December 15th., 1911).

*
* *

6. — *La Banque Belgo-Argentine des Prêts Hypothécaires* (*The Belgo-Argentine Mortgage Loan Bank*). — In 1911 a new Belgo-Argentine Bank with 12 million francs capital was founded at Brussels to grant loans on mortgage in Argentina. The President of this institution is the former Minister of Labour, Francotte.

(Summarised from *Grundstück-Archiv*, January 3rd, 1911).

*
* *

7. — *South American Real Estate Credit Institute*. — There has been founded at Antwerpen, Canada, a new financial establishment which has taken the name of *South American Land Credit Institute* and the object of which is to conduct operations of every kind in connection with real estate. Its foundation capital is 5 million francs, 10 % paid up. In addition 10,000 privileged shares have been allotted to the founders and original subscribers. The capital may be raised by decision of the Board of Management to 20 million francs. The Board of Management may also issue bonds up to twice the amount of the share capital.

(Summarised from the *Frankfurter Zeitung*, January 11th., 1912).

CREDIT

AUSTRIA.

CURRENT QUESTIONS.

Mortgage Credit in Austria.

Sources :

- DR. ALBIN BRAF : Der landwirtschaftliche Hypothekarkredit in Oesterreich während der letzten fünfzig Jahre (*Rural Mortgage Credit in Austria in the Last Fifty Years*). Vienna, 1899. Moritz Perles.
- JOSEF RITTER v. HATTINGBERG : Referat betreffend die Frage der Hypothekarentschuldung (*Report on the Dismortgaging Question*). Vienna, 1903. W. Frick.
- DR. E. MISCHLER : Oesterreichisches Staatswörterbuch (*Austrian Dictionary of Political Sciences*). Vienna, 1909, Alfred Hölder. — Articles : Agrarverfassung (*Organization of Rural Land Property*): Hypothekenbanken (*Mortgage Banks*); Schuldenkonvertierungen (*Conversion of Mortgages*) and others.
- PROF. ROBERT MULLY VON OPPENRIED : Die Hypothekaranstalten in Deutschland und Oesterreich-Ungarn (*Mortgage Credit Institutions in Germany and Austria-Hungary*). Vienna, 1911; Alfred Hölder.
- COMPASS : Finanzielles Jahrbuch 1911 für Oesterreich-Ungarn (*Financial Yearbook for Austria-Hungary*). Vienna, 1910. Ed. Compass.

§ 1. Introduction.

Up to about 1850, a date at which in Austria, as in other European States, changes occurred radically transforming the conditions of rural land property, Austrian agricultural economy was quite primitive in character: and the farmers had only a very limited need of money and of credit. But when land became free and transferable, agriculture had to adapt itself to the changed conditions and follow the capitalistic economic movement, to increase production by more intensive cultivation.

* * *

5. — *Mutual Land Credit Institute*, "El Hogar Argentino", — A note in the *Economiste Européen* announces that the 4 ½ % bonds issued on December 9th., 1911, by the *Mutual Land Credit Institute*, "El Hogar Argentino," through the *Commercial and Industrial Bank* and the *Society of Provincial Banks*, have met with the greatest favour and not all demands could not be satisfied.

(Summarised from the *Economiste Européen*, December 15th., 1911).

* * *

6. — *La Banque Belgo-Argentine des Prêts Hypothécaires* (*The Belgo-Argentine Mortgage Loan Bank*). — In 1911 a new Belgo-Argentine Bank with 12 million francs capital was founded at Brussels to grant loans on mortgage in Argentina. The President of this institution is the former Minister of Labour, Francotte.

(Summarised from *Grundstück-Archiv*, January 3rd, 1911).

* * *

7. — *South American Real Estate Credit Institute*. — There has been founded at Antwerpen, Canada, a new financial establishment which has taken the name of *South American Land Credit Institute* and the object of which is to conduct operations of every kind in connection with real estate. Its foundation capital is 5 million francs, 10 % paid up. In addition 10,000 privileged shares have been allotted to the founders and original subscribers. The capital may be raised by decision of the Board of Management to 20 million francs. The Board of Management may also issue bonds up to twice the amount of the share capital.

(Summarised from the *Frankfurter Zeitung*, January 11th., 1912).

CREDIT

AUSTRIA.

CURRENT QUESTIONS.

Mortgage Credit in Austria.

Sources :

- DR. ALBIN BRAT : Der landwirtschaftliche Hypothekarkredit in Oesterreich während der letzten fünfzig Jahre (*Rural Mortgage Credit in Austria in the Last Fifty Years*). Vienna, 1899. Moritz Perles.
- JOSEF RITTER v. HATTINGBERG : Referat betreffend die Frage der Hypothekarentschuldung (*Report on the Dismortgaging Question*). Vienna, 1903. W. Frick.
- DR. E. MISCHLER : Oesterreichisches Staatswörterbuch (*Austrian Dictionary of Political Sciences*). Vienna, 1909, Alfred Hölder. — Articles : Agrarverfassung (*Organization of Rural Land Property*) : Hypothekenbanken (*Mortgage Banks*) ; Schuldenkonvertierungen (*Conversion of Mortgages*) and others.
- PROF. ROBERT MULLY VON OPPENRIED : Die Hypothekaranstalten in Deutschland und Oesterreich-Ungarn (*Mortgage Credit Institutions in Germany and Austria-Hungary*). Vienna, 1911; Alfred Hölder.
- COMPASS : Finanzielles Jahrbuch 1911 für Oesterreich-Ungarn (*Financial Yearbook for Austria-Hungary*). Vienna, 1910. Ed. Compass.

§ 1. Introduction.

Up to about 1850, a date at which in Austria, as in other European States, changes occurred radically transforming the conditions of rural land property, Austrian agricultural economy was quite primitive in character : and the farmers had only a very limited need of money and of credit. But when land became free and transferable, agriculture had to adapt itself to the changed conditions and follow the capitalistic economic movement, to increase production by more intensive cultivation.

Hence the necessity for resorting to credit. But whilst capital flowed in quantity towards industry and commerce, there was great difficulty in obtaining credit for landed property and even then it was only to be had on very burdensome conditions. In fact, there were as yet no institutions to satisfy the new needs occasioned by the new conditions, and yet they were very much required.

The farmer could only find credit by mortgaging and even that with difficulty, for the organization of credit on mortgage was as yet only beginning. Credit on town land demanded large capital and it was only available in quite insufficient degree.

Let us see how credit on mortgage gradually developed.

The oldest statistical data we have go back to 1858 and they are not very accurate. Since that year when the mortgages on town and country land together amounted to 2,244 million crowns, the total mortgage debt has increased as follows:

| Years | Amount (1) in millions of crowns |
|----------------|--|
| 1858 | 2,244 |
| 1870 | 4,052 |
| 1880 | 6,102 |
| 1890 | 7,275 |
| 1900 | 10,260 |
| 1905 | 12,231 |
| 1906 | 12,275 |
| 1907 | 13,254 |
| 1908 | 13,808 |

The increase of the mortgage debt for the decade 1896-1905 was about 375 million crowns a year, then it was 522 million crowns in 1906, 501.9 million in 1907 and 553.6 in 1908.

From the figures we give hereafter, we shall see the new registrations and cancellations of mortgages in 1908, which show the changes then occurring in the mortgage debt.

Let us mention here that the Austrian mortgage statistical returns divide the estates subject to mortgage into four classes:

(a) *Landtäglicher Besitz*, almost exclusively large rural landed property; (b) *städtischer Besitz*, being urban landed property; (c) *Montanbesitz* or mines; and (d) *sonstiger Besitz*, the class of landed properties not included in the three foregoing. Under this last head, average and

(1) In the oldest returns the mortgages of Galicia, the Littoral and Bukowina, were not included, for these regions had no regularly kept land registers.

small rural property fall almost exclusively. But there is no very clear distinction between the classes *a* and *d* and it may happen that a property of average size is classed under *a*. Yet it may in general be taken that the information relating to *sonstiger Besitz* concerns small and medium holdings.

At the end of 1908, the total mortgage debt of Austria, not including Dalmatia, was 13,808 million crowns. Of this amount it may be calculated that there were 3,500 millions for mortgages shown as *not due* in the land register. This is only because cancellation has not been made although the debts represented have been paid. So the real mortgage debt in 1908 is reduced to about 10,500 million crowns, an increase, however, on the register of 553.6 million crowns as compared with the previous years' figures, or a real increase of from 400 to 450 million crowns.

This increase is due to the excess of new mortgages registered for 1,266 million crowns over cancellations made amounting to 712.5 million crowns. The increase in the mortgage debt is distributed as follows:

| | | | | |
|----------------------------------|-----|---------|----------------|---|
| (a) large estates | per | 119.5 | million crowns | |
| (b) mines | » | 11.0 | » | » |
| (c) urban land | » | 529.3 | » | » |
| (d) small and medium holdings. » | | 606.3 | » | » |
| | | <hr/> | | |
| | | 1,266.1 | | |
| | | <hr/> | | |

Mortgage debts were extinguished as follows:

| | | | | |
|---------------------------------|-----|-------|----------------|---|
| (a) large estates | per | 64.0 | million crowns | |
| (b) mines | » | 5.6 | » | » |
| (c) urban land. | » | 296.9 | » | » |
| (d) small and medium holdings » | | 346.0 | » | » |
| | | <hr/> | | |
| Total . | | 712.5 | | |
| | | <hr/> | | |

The real increase of the mortgage debt then is distributed as follows:

| | | | | |
|---------------------------------|-----|-------|----------------|---|
| (a) large estates | per | 55.5 | million crowns | |
| (b) mines | » | 5.4 | » | » |
| (c) urban land | » | 232.4 | » | » |
| (d) small and medium holdings » | | 260.3 | » | » |
| | | <hr/> | | |

We must observe that these figures represent an increase in the *nominal* debt, that is, it is the difference between the amount of the new mortgages and the *registered* mortgages. In reality, it is about a third less than this, on account of the mortgages which although paid off have not yet been cancelled, as we have said above.

§ 2. *First Mortgage Credit Institutions.*

The organization of credit on mortgage has not been on a par with the increase of the debt. It is only comparatively recently that it has been reorganised in a fairly satisfactory manner. It will be still better organized in the future.

The organization of this credit encountered much more serious difficulties than did that of personal credit. This is why in 1898 out of 10,069 millions of crowns of mortgage debt, 6,085 millions were owed to private persons. Only 4,984 millions of crowns were borrowed from credit establishments. According to the calculations of Mully v. Openried, the proportion changed in 1908 and there were then:

| | |
|--|----------------------|
| Mortgage loans contracted with credit establishments | 6,900 million crowns |
| » » » » private persons | . . 3,600 » » |

* * *

The first mortgage credit establishments were the *Kontributions- und Getreidefonds* and the *Kumulative Waisenkassen* founded in 1790. At the start, the first were intended to advance seeds to needy peasants. They were afterwards transformed into financial institutes. The importance they had for credit on mortgage was however very limited. The *Kumulative Waisenkassen* had more. Their object was to collect and obtain interest for the money of orphans investing it in loans on mortgage.

Up to 1848 the need for credit, whether on the part of rural or of urban property, was very limited. The feudal burdens were not yet abolished and the economic development hardly commenced. In spite of all it was understood that institutes for mortgage credit were necessary and that it must not be left in the hands of private persons.

Thus the first savings bank was founded in Vienna in 1819 (*Erste österreichische Sparkasse*). Afterwards between 1819 and 1849 16 others were founded. The capital however was not very large. In 1841, the first establishment authorized to issue *lettres de gage* was founded. This was the *Galizischer Boden-Creditverein*, constituted under the form of a mutual association of unlimited liability, formed by several large land-

owners of Galicia. This establishment lent out sums of not less than 2,000 crowns. Its action was limited to Galicia.

Some years later, in 1844, the Diet of Moravia, and in 1845, that of Bohemia, each proposed the foundation of a provincial mortgage credit institute. The Government did not approve the idea, considering it inadvisable to make innovations of the kind, without taking account of the interests of all the country.

However, the need for credit on mortgage was more and more felt by the agricultural population. In fact, the emancipation of the agricultural class, relieved from feudal obligations had been followed by absolute liberty to purchase and sell and mortgage land.

The large proprietors invested their money in the increase of their stock and the peasant used his for discharging the obligations deriving from the burdens his land incurred as a result of the passage from the feudal system to that of liberty. It was the transition from the ancient régime to the new, from economy in kind to that in money, which urged agriculture to demand a larger quantity of capital. But the supply far from answered the demand. Not only were there no credit establishments founded by private persons to meet it, but the Government itself was unable to deal with the matter, hindered as it was by political revolutions. Towards 1850, there was a real crisis in credit, quite especially affecting agriculture.

Then, people began seriously to think of how to organize mortgage credit. The subject was discussed at large in congresses and in all sorts of special meetings. At the same time there was a similar movement in Germany and in France, where there already existed some land credit institutes. In fact, at the end of the 18th century, the *Landschaften*, a kind of co-operative land credit societies (1), based on the idea of decentralisation, had been founded in Germany. In France, the *Land Credit Institute*, a society limited by shares, to which the Government granted special privileges for the centralisation of mortgage credit, was founded in 1852. This new institution even obtained the monopoly of the market.

Austria followed the example of France and the Austrian Government authorized the privileged National Bank to organise a special department for mortgage credit and to issue *lettres de gage*. The Bank had power to grant loans on mortgage on land and on dwelling houses. These loans were repayable, either in one sum or in instalments, or again by annuities. But as the National Bank could not grant loans below 5,000 florins (10,000 crowns), and had besides very few branches,

(1) Cf. *Bulletin of Economic and Social Intelligence*. 1st Year. No. 1. p. 45 et seqq.
"Co-operative Land Credit Societies in Germany".

it is evident that the mortgage credit of this establishment was only accessible to a small number of large proprietors. Besides the work of the mortgage section of the National Bank was not very large. From 1856 to 1866 it only granted loans for an amount of 63,601,658 florins (127,203,316 crowns), about 36 millions of florins in Hungary and Croatia and the rest in Austria: 10 million florins in Lower Austria, 8 millions in Galicia, 4 millions in Bohemia (in 39 loans) and 3.7 in Moravia (in 44 loans).

Meanwhile the Savings Banks developed, until there were 113 in 1865. At that date they had 112,945,013 florins in deposit, 60 % invested in mortgages.

Notwithstanding, credit on mortgage was still largely in the hands of private capitalists. In fact, out of about 3 milliards of crowns of mortgage debt registered that year there was only a small part contracted with credit institutes. Here is a small table the data of which, although only approximate, will enable us better to understand the situation.

Year 1865.

| Existing Mortgage Debt | Creditors | Amount of Loans contracted with Mortgage Credit Establishments. |
|---------------------------|---|--|
| 3,000 million crowns | (a) National Bank. | for 127,203,316 crowns |
| | (b) <i>Galizischer Boden- Credit Verein</i> | » 34,000 » |
| | (c) Savings Banks | » 140,000 » |
| | (d) <i>Kumulative Waisenkassen and Kontributions- und Ge- treidefonds</i> | » Some tens of millions |
| | (e) Bohemian Mortgage Bank | (Just founded) |

With 1865, a new era commenced for mortgage credit. Provincial Mortgage Credit establishments were formed. We shall study their organization in the next section. With these are also found speculative undertakings under the form of limited liability societies.

The system adopted by both was that of loans granted by *lettres de gage*. This system met with enormous difficulties, for the *lettres de gage* were only accepted on the markets at very low rates. About 1866, those of the Provincial Mortgage Bank of Bohemia were quoted at 80 % of their nominal value. But there was great need of mortgage credit and the available capital was wanting. So the foundation of new provincial establishments did not cease in spite of all the difficulties the movement met with.

The savings banks also developed extensively so that, at the end of 1875, there were 289, with a credit of 1,260 million crowns, 62 % invested in mortgage loans, for the most part urban mortgage loans. The following figures show us in millions of crowns the development of mortgage credit in the savings banks between 1870 and 1875:

| Years | 1870 | 1871 | 1872 | 1873 | 1874 | 1875 |
|--------------|------|------|------|------|------|------|
| — | — | — | — | — | — | — |
| Amount . . . | 365 | 425 | 518 | 606 | 703 | 779 |

We must observe that the mortgage credit of the savings banks was affected by the variations in the business of the banks. As they grant loans for cash and their deposits are withdrawable at sight or on only a few days' notice, sometimes they have to cease granting loans. Thence the necessity for founding in connection with some of these savings banks special establishments for the issue of *lettres de gage*, forming an integral part of the said banks (see page 169).

Towards 1875, the co-operative movement in the field of credit began. The first co-operative societies of the Schulze-Delitzsch system were founded. Contrary to Schulze's judgement, they also undertook to give credit on mortgage.

On the other hand, the mortgage banks of speculative character have lost ground more and more, whilst the provincial mortgage credit institutes have continually made more progress.

§ 3. *Present State of the Organisation of Mortgage Credit.*

In speaking of the present organization of mortgage credit, we shall briefly indicate the essential characteristics of the institutions occupying themselves with it as their principal business.

The mortgage establishments pure and simple, that is to say those exclusively occupied with mortgage credit operations, are rather limited in number, for, with the exception of the provincial mortgage credit institutes, they generally conduct other operations, such as loans on deposit, on pledge, etc.

Besides, as we have already indicated, on the basis of the official statistics, it is impossible to establish a distinction between *rural* mortgage credit business, and *urban* land credit business. So we shall limit ourselves here to giving the indications we are able to derive from the official sources we have available. We shall reserve a detailed statement for the future.

But let us at once say that the majority of the mortgage establishments grant loans both on urban and rural land, and they are organ-

ized so as to serve both purposes. So that the general account we give here of organized mortgage credit also implicitly contains the description of the organization of rural mortgage credit.

The institutes of organized mortgage credit are the mortgage establishments. They may be subdivided in two large categories: (a) establishments lending on mortgage by means of an issue of *lettres de gage*: (b) establishments lending on mortgage in money.

We shall first speak of the former in § 4 and reserve the latter for the subject of our § 5.

§ 4. *Provincial Mortgage Establishments Issuing "Lettres de Gage".*

(a) The *Landeshypothekenanstalten* (Provincial Mortgage Credit Establishments).

This class of establishments is much the most important for rural mortgage credit. They are institutions of public character, founded by the provincial administration to meet the requirements of mortgage credit without at all aiming at the realisation of profits. They have as their sphere of action their own provincial territory and they work with the funds the province places at their disposal. The province guarantees the holders of the *lettres de gage*. For this reason, the *lettres de gage* of the *Landeshypothekenanstalten* are much in demand and quoted at high prices.

The *Landeshypothekenanstalten* grant loans on mortgage on both rural and urban land up to about half its value. They make loans to provinces and communes. Yet their chief object is not so much to grant new loans as to convert already existing mortgages at high interest to mortgages at low interest extinguishable in instalments. The object of this is the progressive dismortgaging of landed property. It is precisely from this point of view that these establishments must be considered and account must not be taken merely of the greater or less amount of business done. In fact, their sphere of action chiefly includes small and medium holdings, classes which, otherwise, would be at the mercy of private capitalists, for, from the moment that loans of relatively small amount are concerned, it is of no great importance for the other mortgage credit establishments that aim at the realisation of profits to occupy themselves with them.

Again, the work of the *Landeshypothekenanstalten* is particularly important, when considered from another point of view. As they compete with other similar establishments, possessing the character of institutes engaging in speculation, they have a moderating influence on the conditions of credit especially in relation to the rate of interest.

The provincial institutes grant loans under form of *lettres de gage* at 4 %. The borrower therefore does not receive the money, but *lettres de gage*, the nominal value of which corresponds to the amount of the loan contracted. The credit establishment in its turn undertakes the sale of the *lettres de gage* for account of the borrower, to whom it remits the amount realised by the sale, retaining a commission of from $\frac{1}{2}$ to 1 %.

The loans are extinguishable, in a period of from 30 to 60 years, by instalments, the amounts of which must be paid halfyearly together with the interest. The amount of the instalment is about $\frac{1}{2}$ % of the capital so that a loan granted under form of *lettres de gage* at 4 % may be extinguished in $54 \frac{1}{2}$ years, by annual payments of a sum amounting to $4 \frac{1}{2}$ % of the capital. Annual payments may even be made in excess of those at first established. In such case the term of the period for extinction is proportionately reduced.

The great advantage of this system of payment of a debt by compulsory instalments will escape no one, for, in this way, the borrowers are constrained to a progressive repayment of their loans. The mortgaged property gradually reacquires its value without an appreciable burden to be borne by the debtor. In fact, if the loan had been contracted with private persons it would have been subject to the payment of $4 \frac{1}{2}$ % and even more for interest alone. Consequently, without any increased tax on him, the landed proprietor, may, thanks to the provincial mortgage credit institutions, progressively liberate his property from the mortgages encumbering it.

The interest is fixed for the whole period of the loan. The borrower, therefore, need not fear the fluctuations of the money market.

Besides that, the debtor has only to pay $\frac{1}{4}$ % for the constitution of the reserve fund and the working expenses. And small proprietors are even completely dispensed from this.

For the assistance of the small proprietors, especially with the object of favouring conversion, the *Landeshypothekenanstalten* get the legal work in connection with mortgage inscription, except the payment of stamp and registration duties, performed at their own expense.

The repayment of loans cannot be exacted by the mortgage institute. The borrower has the right to repay either in *lettre de gage*, or in money, on six months' notice, without payment of any special charge.

*
* *

We have said that the *Landeshypothekenanstalten* grant loans both to urban and rural proprietors. The latter however come first, in accordance with the object for which these establishments were founded, of

delivering the small and average rural proprietors from the exactions of private capitalists.

According to a table drawn up by A. Bräf, in 1897, the loans granted by the provincial mortgage credit establishments were distributed as follows:

| Regions | Urban Land | % | Large Landed Property | % | Average and Small Rural Holdings | % |
|-------------------------|----------------|-------|-----------------------|-------|----------------------------------|-------|
| Bohemia | 28,851,128 (1) | 21.16 | 50,223,634 (1) | 36.83 | 57,287,954 (1) | 42.01 |
| Silesia | 3,089,000 | 24.62 | 2,922,600 | 23.30 | 6,536,000 | 52.08 |
| Moravia | 14,846,800 | 29.85 | 19,063,300 | 38.31 | 15,842,050 | 31.84 |
| Galicia | 20,000,910 | 53.90 | 13,589,933 | 36.60 | 3,556,556 | 9.50 |
| Lower Austria | 42,374,750 | 78.22 | 2,518,600 | 4.65 | 9,275,500 | 17.12 |
| Upper Austria | 3,612,150 | 34.95 | 357,500 | 3.64 | 6,365,550 | 61.95 |

We shall see from the following data the progress made by the provincial mortgage credit establishments.

| Years | Number of Existing <i>Landeshypothekenanstalten</i> | Amount of Mortgage Loans Granted by the <i>Landeshypothekenanstalten</i> — Millions of Crowns |
|----------------|--|--|
| 1870 | 3 | 82.1 |
| 1880 | 4 | 255.2 |
| 1890 | 8 | 478.9 |
| 1900 | 14 | 959.1 |
| 1905 | 15 | 1,253.5 |
| 1908 | 15 | 1,458.8 |
| 1909 | 16 (2) | 1,515.8 (2) |

There are therefore now 15 provincial mortgage credit establishments. They are shown in the following table with the years of their foundation and the amounts of mortgage loans granted by them as on the 31st December, 1908, and 1909, respectively:

(1) Value in florins (1 florin = 2 crowns).

(2) Including the data for the *Galizischer-Boden-Creditverein*, as they are also included in the preceding figures.

| Title of the Provincial Mortgage Credit Establishments | Year of Foundation | Amount of Mortgage Loans on 31st. December | |
|---|--------------------|--|-------|
| | | 1908 (millions of crowns) | 1909 |
| 1. <i>Niederösterreichische Landeshypothekenanstalt</i> (Provincial Mortgage Credit Association for Lower Austria) at Vienna | 1889 | 366.1 | 383.2 |
| 2. <i>Hypothekenbank des Königreichs Böhmen</i> (Mortgage Bank of the Kingdom of Bohemia) at Prague | 1865 | 312.0 | 213.7 |
| 3. <i>Landesbank des Königreichs Galizien und Lodomerien</i> (Provincial Bank of the Kingdom of Galicia and Lodomeria) at Lemberg | 1883 | 148.2 | 172.1 |
| 4. <i>Hypothekenbank der Markgrafschaft Mähren</i> (Mortgage Bank of the Margraviate of Moravia) at Brünn | 1876 | 171.4 | 170.0 |
| 5. <i>Tirolische Landeshypothekenanstalt</i> (Tyrolese Provincial Mortgage Credit Establishment) at Innsbruck | 1899 | 46.4 | 53.3 |
| 6. <i>Oberösterreichische Landeshypothekenanstalt</i> (Provincial Mortgage Credit Establishment for Upper Austria) at Linz, D. | 1890 | 40.5 | 42.4 |
| 7. <i>Oesterreichisch-Schlesische Bodenkreditanstalt</i> (Austro-Silesian Land Credit Establishment) at Troppau | 1869 | 32.0 | 32.2 |
| 8. <i>Bukowiner Landesbank</i> (Provincial Bank for Bukowina) at Czernowitz | 1882 | 20.6 | 22.0 |
| 9. <i>Bodenkredit Anstalt der Markgrafschaft Istrien</i> (Land Credit Establishment of the Margraviate of Istria) at Parenzo | 1881 | 13.4 | 17.8 |
| 10. <i>Hypothekenbank des Landes Vorarlberg</i> (Vorarlberg Mortgage Bank) | 1899 | 15.0 | 15.9 |
| 11. <i>Kärntnerische Landeshypothekenanstalt</i> (Carinthian Provincial Mortgage Establishment) at Klagenfurt | 1896 | 14.0 | 14.3 |
| 12. <i>Bodenkredit-Anstalt des Königreiches Dalmatien</i> (Land Credit Establishment of the Kingdom of Dalmatia) at Zara. | 1898 | 9.8 | 11.0 |
| 13. <i>Landeshypothekar-Kredit-Anstalt der gefürsteten Grafschaft von Görz, und Gradisca</i> (Provincial Mortgage Credit Establishment of the Prince-County of Goritz and Gradisca) at Goritz | 1903 | 9.6 | 10.3 |

| Title of the Provincial Mortgage Credit Establishments | Year of Foundation | Amount of Mortgage Loans on 31st. December | |
|---|--------------------|--|---------|
| | | 1908 (millions of crowns) | 1909 |
| 14. <i>Landesbank des Königreiches Böhmen</i> (Provincial Bank of the Kingdom of Bohemia) at Prague | 1890 | 9.0 | 8.0 |
| 15. <i>Landes-Hypotheken-Anstalt</i> (Provincial Mortgage Credit Establishment) at Salzburg | 1909 | — | 1.2 |
| Total | | 1,208.0 | 1,266.4 |

The amount of the provincial mortgage loans in 1909 therefore exceeded that in 1908 by more than 58 million crowns.

(b) The *Galizischer Bodenkredit Verein* is an institution resembling the *Landschaften*, formed by the large landed proprietors. It only grants credit to its members by issue of *lettres de gage* at 4 %, extinguishable in yearly instalments in 41 or 56 years. In addition, the payment of from $\frac{1}{4}$ to 1 % to cover working expenses is compulsory. The *lettres de gage* are secured on mortgaged land and, further, by the reserve fund of the credit establishment, as well as, in a subsidiary manner, by the borrower. In addition to the amount of the loan granted, a sum corresponding to 5 % of this loan is entered on the land register as a subsidiary guarantee. Besides, all the members are jointly and severally liable towards third parties.

The *Galizischer Boden.-Kredit.-Verein* is one of the most important of these credit establishments. The following data will give an idea of its progress:

Amount of Mortgage Loans of the "Galizischer Boden-Kredit-Verein".

| Years | Amount Million Crowns | Years | Amount Million Crowns |
|----------------|--------------------------|----------------|--------------------------|
| 1850 | 23.2 | 1900 | 220.7 |
| 1860 | 27.7 | 1905 | 242.7 |
| 1870 | 37.3 | 1908 | 250.8 |
| 1880 | 89.0 | 1909 | 249.4 |
| 1890 | 149.6 | | |

(c) Savings Bank Departments issuing *lettres de gage* (*Pfandbrief-anstalten der Sparkassen*).

The savings banks, the great activity of which is very advantageous for mortgage credit are not always in a position to grant the applications of urban and rural proprietors. Indeed they must not risk immobilising too large a part of their cash. This must always be sufficient to meet the requirements of depositors. Thus, some of the largest savings banks, in order to satisfy more effectually the requirements of mortgage credit, have founded institutes specially intended to deal exclusively with this class of business by granting credit on mortgages under form of *lettres de gage* they issue. Thus these *Pfandbriefanstalten der Sparkassen* have been founded which, although created and provided with a guarantee fund by the savings banks, are nevertheless independent and have their own rules. The *lettres de gage* are issued at 4 %, and more recently the rate has been 4 ½ %. The loans contracted are extinguishable in instalments.

The first of these special institutes was founded in 1866. There are now II.

We give below the amount of loans on mortgage granted by the Savings bank institutes for certain years from 1890 to 1909

| Years | Million Crowns |
|----------------|----------------|
| 1870 | 19.1 |
| 1880 | 76.7 |
| 1890 | 10.5 (1) |
| 1900 | 80.2 |
| 1905 | 130.0 |
| 1908 | 190.3 |
| 1909 | 213.3 |

(d) *Mortgage Institutes engaged in Speculation — Banks of the Form of Societies limited by Shares.*

The banks that concern themselves with mortgage credit are all societies limited by shares. Except the *K. K. priv. Osterr. Hypothekbank* (Privileged Austrian Imperial-Royal Mortgage Bank), they also conduct other banking operations. The above named bank is purely a mortgage bank, for it does nothing besides lending on mortgage.

(1) This large decrease is due to the great abundance of money at that date as well as to the fact that the savings banks themselves made loans in money.

There are now 13 banks under the form of societies limited by shares. At the end of 1909, they had mortgage credits for an amount of 452.4 million crowns. The most important of them is the I.R. Galician Mortgage Bank, a bank limited by shares, which alone has mortgage credits for 169.3 millions crowns.

The banks limited by shares grant loans, extinguishable in periods varying from 30 to 60 years, under form of *lettres de gage* issued by them. With the exception of the Privileged I. R. Austrian Mortgage Bank, which principally conducts operations of urban mortgage credit, they all chiefly occupy themselves with rural mortgage credit.

The *lettres de gage* in course must be secured by mortgages of corresponding value. Yet some banks are authorized to issue *lettres de gage* up to a certain amount, even before the mortgage operations corresponding have been completed. Thus the *K. K. priv. Boden-Credit-Anstalt* may issue such up to the amount of 4 millions, the *österr. Central-Boden-Kredit-Bank* up to 2 millions, and the *K. K. priv. österr. Hypothekenbank* up to 8 millions, for mortgages to be acquired later, provided they are secured on documents deposited.

The *maximum* of the *lettres de gage* is fixed at 20 times the share capital, except in the case of the National Bank.

§ 5. Mortgage Credit Institutes Granting Loans in Money.

(a) *The Savings Banks.* — First among the credit institutes granting loans in money come the Savings Banks. These are institutes of public character under State control, the principal object of which is the collection and investment of the savings of the poorer population. They are generally constituted by the Commune. A small number of them were founded by private enterprise. They invest their funds in various banking operations, in the first rank among which we find credit on mortgage, both rural and urban, but the latter has the preference.

In 1909 there were 655 savings banks with a capital of 5,866 million crowns, 3,442 invested in mortgages. The loans can be called in on six months' notice, because the savings banks must be able to satisfy the demands of their depositors at any moment. However, the banks never use this right which has been conferred on them. The loans are extinguishable in instalments lasting over a period of from 30 to 50 years. But the Banks do not rigorously require the payment of the instalments fixed in advance, provided the interest be paid punctually.

Of course the Savings banks are not establishments with speculative ends. They seek, all the same, to realise profits to be later invested in charitable works in behalf of the classes to which the majority of the depositors belong.

The following figures will show the importance attained by the Savings banks in respect to credit on mortgage.

| Year — | Amount of the Mortgage Loans in Savings Banks in Millions of Crowns — |
|----------------|---|
| 1830 | 11.8 |
| 1840 | 41.0 |
| 1850 | 80.0 |
| 1860 | 138.0 |
| 1870 | 364.0 |
| 1880 | 936.2 |
| 1890 | 1,665.6 |
| 1900 | 2,624.3 |
| 1905 | 3,097.4 |
| 1908 | 3,442.2 |

The rate of interest for mortgage loans is generally $4\frac{1}{2}\%$ (in 258 banks) and less often 5% (in 138 banks).

(b) The *Kumulative Waisenkassen* in regard to which we have already said a few words and which above all occupy themselves with agricultural mortgage credit, invest $\frac{3}{4}$ of their funds in this way. The loans granted by these banks are repayable within a fixed term, either in annuities or by instalments, according to the terms of the contracts. The rate of interest was 5% from 1859 to 1891, then it fell to $4\frac{1}{2}\%$ from 1891 to 1893. Since then the rate has been 4% .

The profits of these banks are invested in behalf of orphans and foundlings. The figures of the following table will give an idea of their mortgage credit in various years.

| Year — | Amount of Mortgage Loans of the <i>Kumulative Waisenkassen</i> in Millions of Crowns — |
|----------------|---|
| 1890 | 137.7 |
| 1895 | 160.9 |
| 1900 | 203.7 |
| 1905 | 262.4 |
| 1907 | 289.6 |
| 1908 | 303.3 |

(c) The *Insurance Institutes* also invest a large part of their capital in loans on mortgage. The interest is generally $4\frac{1}{2}\%$. The loans are

repayable at a fixed date, generally at the end of 3 or 10 years. Unless otherwise provided, they may be renewed for an equal period.

In 1909, the insurance institutes had invested 436.2 million crowns out of a total capital of 1,825.6 million crowns, in mortgages.

Life insurance institutes do more of this business than the others. In 1909 they alone had a capital of 1,545.5 million crowns, with 402.1 millions invested in loans on mortgage.

It must be observed that mortgage credit as an investment of capital has assumed constantly greater importance for the insurance institutes. In fact, the life insurance institutes had invested in loans on mortgage:

| | | |
|----------------|------|--------------------|
| 1875 | 10 | % of their capital |
| 1880 | 8.2 | » » » |
| 1890 | 11.7 | » » » |
| 1895 | 14.8 | » » » |
| 1900 | 19.1 | » » » |
| 1908 | 25.4 | » » » |
| 1909 | 26 | » » » |

(d) The *Kontributions- und Getreidefonds* in Moravia and the *Landwirtschaftliche Bezirksvorschusskassen* (1) in Bohemia also occupy themselves with mortgage credit, but exclusively in favour of rural proprietors. These establishments grant loans up to 24 times the net registered cadastral revenue. These loans are repayable in instalments in 10 or 20 years, or in annuities of 1 % with 4 % interest. In 1908 there were 166 *Landwirtschaftliche Vorschusskassen* with mortgage credit for 77.1

(1) This is how about the first half of the 18th century the *Kontributions- und Getreidefonds* in Moravia, and the banks called *Landwirtschaftliche Bezirksvorschusskassen* in Bohemia were formed. Every owner of a farm had to bring to a granary organized for the purpose as much grain as he required for sowing his lands. The grain thus collected was lent to needy peasants who returned it, at first with the addition of 1/8th, then, later, only 1/16th of the quantity borrowed. Afterwards the rest of the corn was sold and thus a special fund in money was formed that was used for agricultural credit operations. About 1860 these granaries were closed. In place of each a *Kontributionsvorschusskasse* was formed, the management of which was entrusted to the members. All landed proprietors who had to furnish grain to the granary were considered as members. The amount of their shares was fixed in proportion to the area of their lands fit for sowing at that date. Thus, real rather than personal estate was taken as the criterion. Yet the members have only a right to the profits made, for the funds are set apart for the continual exercise of agricultural credit in behalf of small holders. These banks were later recognised, so that there might be one in each district. Hence the name *Bezirksvorschusskassen*.

million crowns in Bohemia and 420 *Kontributions-und Getreidefonds* in Moravia with credit for 13.9 million crowns.

(e) Finally, there are the *Co-operative Credit Societies*. Although intended to meet the requirements of personal credit, they are not without importance for mortgage credit. It is especially the Schulze-Delitzsch banks that invest in mortgages, whilst by the Raiffeisen banks mortgage credit is given only exceptionally.

In 1908 the *Co-operative Credit Societies* of both systems had a capital of 2,827.8 million crowns, 568.8 millions being invested in mortgages. But they are short term mortgages. Eventually, the term may be renewed from year to year.

§ 6. Conclusion.

As we have said, the mortgage debt in Austria is now about 10,500 million crowns. Of this sum, 6,900 million crowns are for loans contracted with mortgage credit establishments and 3,600 million crowns for loans contracted with private persons.

The first are divided in the following proportion:

| <i>Organized Mortgage Credit and the Participation of the Various Credit Establishments.</i> | | 1908 |
|--|--|--------|
| 650 | Savings Banks | 49.8 % |
| 664 | <i>Kumulative Waisenkasen</i> | 4.4 » |
| 32 | Life Insurance Institutes | 5.2 » |
| 69 | Other " " | 0.8 » |
| 66 | District Agricultural Banks (<i>Landwirtschaftliche Bezirksvorschusskassen</i>) in Bohemia | 0.1 » |
| 420 | <i>Kontributions-und Getreidefonds</i> in Moravia | 0.2 » |
| 9,305 | Co-operative Credit Societies | 8.2 » |
| 14 | Provincial Mortgage Establishments (<i>Landeshypothekenanstalt</i>). | 17.4 » |
| 1 | <i>Galizischer Boden Kredit Verein</i> | 3.6 » |
| 10 | Savings Banks' <i>lettres de gage</i> Institutes (<i>Pfandbriefanstalten der Sparkassen</i>) | 2.8 » |
| 9 | Mortgage Banks limited by Shares | 6.5 » |
| | | 100 % |

From this summary exposition it is evident that the action taken in favour of the organization of mortgage credit in Austria has been crowned with success. But it is not only the figures as here presented we must look at in order to estimate this success. Above all we must consider the rapid and continuous progress of the movement by which organized mortgage credit has replaced mortgage credit given by private capitalists.

The organization of credit on mortgage is directly connected with the organization in favour of dimortgaging, which can naturally only be realised on a large scale when the organization is considerably advanced.

It must be observed that the great progress made is largely due to the public administration. The Government, understanding the importance of mortgage credit in relation to the national economy, and above all to agriculture, has exerted itself actively in favouring it. This action is especially shown in the foundation of the *Landeshypothekenanstalten*. These establishments have from the first had a very considerable importance, but, in addition, they are destined to take the first place in the organization of mortgage credit in behalf of agriculture.

CREDIT

FRANCE.

RECENT NEWS.

Miscellaneous Information.

The New Régime of the Bank of France, and Agricultural Credit. — The law of December 29th., 1911, approving the conventions of November 11th., and 28th., entered into between the Government and the Bank of France, sanctioned the modifications introduced into the régime of this Institute as conditions for the maintenance of its privilege as Bank of Issue up to the 31st. December, 1920. In accordance with this law, the Bank places 25 millions at the disposal of the Treasury to be kept until legislative provision has established the conditions under which they may be advanced to institutions of rural and urban credit. As to the amounts paid in accordance with the law of 1897, that is the loan of 40 millions and the annual payment, serving, as we know, to facilitate agricultural credit, the new convention introduces no change except as regards the proportion of the annual payment; calculated up to the present as an eighth of the rate of discount, multiplied into the amount of bills, etc. in circulation at interest, it will be henceforth calculated at one seventh when the rate exceeds $3\frac{1}{2}\%$ and one sixth when it exceeds 4% .

We think it well here to reproduce the law and the agreements above mentioned.

Law of December 29th., 1911.

Art. 1. The maximum limit of the issue of notes of the Bank of France shall be raised from 5,800 million to 6,800 million.

Art. 2. The conventions entered into on November 11th., and 28th., 1911, between the Minister of Finance and the Bank of France are hereby approved.

These conventions are exempted from stamp and registration duty.

Art. 3. The amounts paid by the Bank in terms of article 1 of the Convention of November 11th., 1911, and article 3 of the additional convention of November 28th., 1911, shall be assigned to and registered in a special Treasury account until subsequent legal provisions shall establish the conditions on which they shall be handed over to institutions of credit.

Convention of November 11th., 1911.

Art. 1. In addition to the loans of 180 millions as per treaty of June 10th., 1857, March 29th., 1878 and October 31st., 1896, the Bank of France undertakes to place at the disposal of the Treasury, at the date of the promulgation of the law sanctioning the present convention, a supplementary loan of 20 million francs.

This loan shall not bear interest.

As security for the repayment of this loan, there shall be remitted to the Bank of France, as was done on previous occasions, a Treasury bill falling due on the 31st. December, 1920.

Art. 2. When the rate of discount shall have been, for a certain period, above 4 %, the proportion contemplated in Article 5 of the law of November 17th., 1897, in the calculation of the annual payment by the Bank, shall be raised for that period from an eighth to a sixth of the rate of discount.

Art. 3. The Bank of France undertakes to maintain the branch offices, auxiliary offices and associate cities instituted independently of the obligations contemplated in the law of November 17th., 1897, that is:

Two branch offices,

Twelve auxiliary offices,

A hundred and twenty nine associate cities.

It further undertakes to transform eight auxiliary offices into branch offices, to found ten new auxiliary offices, and to organize the service of collection in forty associate cities, amongst which shall be included the chief towns of arrondissements and cantons of 8,000 inhabitants and over, where as yet no banking business is carried on.

These transformations and institutions shall be completed within a maximum term of two years dating from the promulgation of the law sanctioning the present convention.

Art. 4. In the interest of industry and French export trade, the Bank of France shall discount, on conditions fixed by the General Council, bills payable abroad and in the French colonies.

Art. 5. The Bank of France undertakes to charge no commission for clearing current accounts of various offices.

It will maintain the facilitations granted to all these accounts for collecting bills payable in all cities included amongst its establishments.

Art. 6. It will grant a reduction of $\frac{1}{4}$ th of the charge for custody of personal documents in its banks.

Art. 7. In case the French colonies and protectorates desire to ensure the issue of personal certificates against deposit of certificates to bearer of their loans, the Bank of France undertakes to receive at the request of the Ministers of the Colonies and of Foreign Affairs the said certificates to bearer in deposit in Paris and in its Branch offices.

In return for the certificates to bearer the Bank will consign to the depositors personal certificates stamped at their expense.

It will supervise the drawing of certificates extinguishable in instalments and, in case of numbers corresponding to the personal certificates issued by it being drawn, will advise the holders of same.

It will undertake the repayment of the extinguished certificates, after having collected the amount, and the payment in Paris and at the branch offices of the matured coupons.

The expenses of custody, and supervision of the drawings shall be charged against the colonies or protectorates concerned.

(Arts. 8 and 9 contain provisions relating to the staff and to the stamp and registration duty on the Convention).

Additional Convention of November 28th., 1911.

Art. 1. The second article of the convention of November 11th., 1911 is completed by the following provisions:

When the rate of discount is for any fixed period of time above $3\frac{1}{2}\%$, the proportion contemplated in article 5 of the law of November 17th., 1897 for the calculation of the annual payment, shall be raised for such period from $\frac{1}{8}$ th to $\frac{1}{7}$ th of the rate of discount.

Art. 2. The transformations or the new foundations the Bank has undertaken to arrange in terms of article 3 of the convention of November 11th., 1911 shall be raised as follows:

The number of transformations of auxiliary offices into branch offices from eight to ten.

The number of new auxiliary offices from ten to twelve.

The number of new associate cities from forty to fifty.

Art. 3. On the amount of notes of all the old types printed with blue letters on a pink ground, and notes of small amounts, of 5, 20, 25 francs

remaining in circulation on December 30th., 1911, the Bank shall definitely pay into the Treasury 5 million, in the month subsequent to the promulgation of the law approving the present convention.

Art. 4. To favour the development of clearing operations, the Bank of France undertakes to charge no commission in its current accounts on crossed cheques drawn on banks adhering to the Paris clearing house or on their correspondents.

Art. 5. The present convention is exempted from stamp and registration duties.

(Summarised from the *Journal Officiel*, December 30th, 1911).

CREDIT

ITALY.

I. CURRENT QUESTIONS.

Special Agricultural Credit Institutes for Latium, Basilicata, Calabria and Sardinia.

Sources :

Annali del credito e della previdenza - Anno 1911, no. 90. Credito agrario. La legislazione italiana sul credito agrario : cenno storico e critico dell'avv. Alessandro Baccaglioni. Ministero di Agricoltura, Industria e Commercio : Direzione generale del credito e della previdenza, della cooperazione e delle assicurazioni sociali. (*Annals of Credit and Thrift. - Year 1911, no. 90. Agricultural Credit - Italian Legislation on Agricultural Credit: Historical and Critical Notice by Advocate Alessandro Baccaglioni. Department of Agriculture, Industry and Commerce : General Management of Credit and Thrift, Co-operation and Social Insurance*), Rome, Typ. Bertero, 1911.

Legge 21 dicembre 1902, no. 542, che istituisce a Roma un Istituto con la denominazione di "Credito agrario per il Lazio". (*Law of 21st. December, 1902, no. 542, founding at Rome an Institute under the name of "Agricultural Credit for Latium"*).

Statuto dell'Istituto predetto, approvato con Regio Decreto, 5 ottobre 1903, no. 417 (*Rules of the above Institute, approved by Royal Decree of 5th. October, 1903, no. 417*).

Reg. Decreti 15 agosto 1906, no. 387 and 6 dicembre 1908, no. 531, che modificano il citato statuto (*Royal Decrees of 16th. August, 1906, no. 387 and of 6th. December, 1908, no. 531, amending the above Rules*).

Decreto ministeriale del 28 novembre 1906, che approva il nuovo regolamento dell'Istituto di credito agrario per il Lazio (*Ministerial Decree of 28th. November, 1906, approving the New Regulations of the Agricultural Credit Institute for Latium*).

Credito agrario per il Lazio : Relazione sull'esercizio 1910 (*Agricultural Credit Institute for Latium : Report on the Working Year 1910*). Rome, Typ. Riccardo Garroni, 1911.

Legge 31 marzo 1904, no. 140 portante provvedimenti speciali a favore della provincia di Basilicata (*Law of 31st. March, 1904, no. 140, introducing special Measures in behalf of the Province of Basilicata*).

- Regolamento per l'esecuzione della legge predetta, approvato con regio decreto 26 marzo 1905, no. 173. (*Regulations for the Execution of the above Law, Approved by Royal Decree of 26th. March, 1905, no. 173*).
- Cassa provinciale di credito agrario per la Basilicata: Relazione sull'esercizio 1910 (*Provincial Agricultural Credit Bank for Basilicata: Reports for the Year 1910*). Potenza, Typ. Garramone and Marchesiello, 1911.
- Legge 25 giugno 1906, no. 255, concernente provvedimenti a favore della Calabria (*Law of 25th. June, 1906, no. 255 on Measures in behalf of Calabria*).
- Regolamento per la costituzione e il funzionamento dell'Istituto predetto, approvato con Regio Decreto 27 gennaio 1907, no. 29 (*Special Regulations for the Formation and Working of the above Institute, Approved by Royal Decree of 27th. January, 1907, no. 29*).
- Legge concernente i provvedimenti a favore della Basilicata e della Calabria 9 luglio 1908, no. 445 (*Law on the Measures in Favour of Basilicata and Calabria, 9th. July, 1908, no. 445*).
- Relazioni dell'Istituto di credito "Vittorio Emanuele III" per le Calabrie, sull'esercizio 1910 *Reports of the "Victor Emanuel III" Credit Institute for Calabria for the Year 1910*.
- Testo unico delle leggi contenenti provvedimenti per la Sardegna, approvato con regio decreto 10 novembre 1907, n. 844 (*Uniform Text of the Laws Containing Provisions for Sardinia, approved by Royal Decree of 10th. November, 1907, no. 844*).
- Cassa Ademprivile della provincia di Cagliari: Bilancio e relazione dell'esercizio 1910 (*"Ademprivile" Bank of the Province of Cagliari: Balance Sheet and Report for the Year 1910*) Cagliari, Typ. G. Montorsi, 1911.
- Cassa ademprivile della provincia di Sassari; Relazioni e bilanci, esercizio 1910 (*"Ademprivile" Bank for the Province of Sassari: Report and Balance Sheet, Working Year, 1910*). Typ. Giacomo Chiarella, Sassari.

We have already dealt more than once in the Bulletin of Economic and Social Intelligence (1) with the Savings Bank of the *Bank of Naples* and the Agricultural Credit Department of the *Bank of Sicily*. In continuation we shall pass to the consideration of other institutes authorized by special laws for the exercise of agricultural credit.

§ 1. *The Agricultural Credit Institute for Latium.*

During the discussion of the law authorizing the Savings Bank of the *Bank of Naples* to conduct agricultural credit business, some members of Parliament asked the Chamber for measures for the improvement of agricultural conditions in Latium, for this region possessed no institutes to come to the assistance of the rural classes and save them from the usurers. The Government had no difficulty in accepting the idea and, by law of 21st. December, 1902, it founded at Rome an agricultural credit institute

(1) See nos. October, 1911 p. 173 and January, 1912 p. 177.

for Latium. An initial capital of 1,000,000 (1) francs was assigned to it, formed by contributions from the Savings Bank of the Lombard Provinces, amounting to 300,000 francs, from the Savings Bank of Rome, amounting to 500,000 francs and from the Bank of Italy amounting to 500,000 frs (2). To render its action more efficacious and to increase its means, the Institute in question was further authorized (3) to receive savings deposits (4), to issue bonds at fixed maturity and to rediscount its bills and acceptances.

The operations it may conduct, conformably to its rules, are the following :

(a) rediscounting of bills passed by farmers in favour of intermediary institutes, legally formed and with their headquarters within the Province of Rome, such as consortiums, agricultural and rural banks, co-operative societies, agricultural universities, etc.; (b) discounting bills drawn directly by these institutes for purposes of collective purchase and sale, (c) discounting bills drawn by farmers in districts in which there are no intermediary institutes, or, in case there are any, in which they cannot work as they should ; (d) acceptance of bills drawn directly by these institutes as those of their bills in hand the institute of agricultural credit is authorised to rediscount, and also opening of current accounts (5).

The maximum rate of interest the agricultural credit institute for Latium may ask on the loans it grants is one per cent more than the minimum rate it must in its turn pay the institutes of issue.

Considering now the action of the agricultural credit institute for Latium, we see that it has been quite remarkable, since, if in 1904, its first year, it accepted bills for 138,760.70 francs, in 1910 it accepted bills for

(1) In a meeting of the Agricultural associations of Latium that the Roman Agricultural Comizio organised at the beginning of 1911, a resolution was passed to request the Government to raise the amount of initial capital of this institute to 3 millions. See, in this connection, the *Rivista Agricola Romana*, no. 1, January, 1911. This review is the organ of the Roman Agricultural Comizio.

(2) This capital might be increased later by contributions from other institutions, but this has not yet been done.

(3) By article 5 of the rules approved by Royal Decree of 5th. October, 1903 and amended by Royal Decrees of 16th. August, 1906 and 6th. December, 1908.

(4) The Savings Deposits entrusted to the Agricultural Credit Institute for Latium amounted to 1,422,480.29 frs, on the 31st. December, 1910.

(5) This power accorded to the institute and permitting it to accept bills drawn directly by the intermediary institutes to represent their bills in hand, is justified by the difficulty often met with in rediscounting the bills and acceptances of some of these institutes. These latter, in fact, have to work with customers who do not know how to and cannot always adapt themselves with promptitude and precision to the formalities and exigences of the law in force on banking operations.

8,215,794.59 francs. In this last amount 4,953,196.94 frs. represented new operations and 3,262,597.65 renewals of former loans. We shall deal separately with the operations conducted through the medium of intermediary institutes (1), and those conducted directly with the farmers, beginning with the former:

(a) Operations with the Intermediary Institutes.

This year the new loans attained the amount of 4,393,588.34 fr., distributed among the various classes of institutions as follows:

| | | |
|---|-----|--------------|
| Consortiums and Agricultural Comizii (2) | Fr. | 1,915,198.50 |
| Various Societies conducting Agricultural Credit Business | " | 1,497,935.64 |
| Popular Co-operative Banks | " | 666,583.90 |
| Agricultural and Rural Loan Banks | " | 123,211.65 |
| Savings Banks | " | 113,640.65 |
| Co-operative Distilleries and Wine Societies | " | 77,018.00 |
| | Fr. | 4,393,588.34 |

The loans were intended for the following purposes:

| | | |
|---|-----|--------------|
| Various Kinds of Cultivation | Fr. | 1,200,091.52 |
| Cultivation of Cereals | " | 1,082,617.39 |
| Purchase and Improvement of Cattle | " | 687,801.96 |
| Vineyard Cultivation. | " | 621,998.37 |
| Sulphate of Copper, Sulphur, etc. | " | 239,976.48 |
| Purchase of Manure | " | 219,068.63 |
| Grass for Pasture | " | 174,635.78 |
| Olive Cultivation | " | 99,598.21 |
| Implements and Agricultural Machinery | " | 67,800.00 |
| | Fr. | 4,393,588.34 |

To this amount of new operations must be added that of the renewals, which in 1910 amounted to 2,676,774.65 frs. The amount of business

(1) On the 31st. December, 1910, the Institutions that could open credits were 99.

(2) The action exerted by the Agricultural Credit Institute for Latium for the extension of agricultural consortiums in the Province of Rome, is well worthy of remark. This action has produced good results, as the consortiums which were only 12 in 1904 had become 47 in 1910.

concluded with the intermediary institutes was then altogether 7,070,362.99 frs.

(b) Business conducted directly with the Farmers.

New operations conducted amounted to 539,608.60 frs. distributed as follows, according to their character :

| | | |
|---|------|-----------------|
| Simple Discount | Frs. | 413,717.50 |
| Rediscount | „ | 82,891.10 |
| Advances of Agricultural Produce on Pledge | „ | 53,000.00 |
| Advances of Seeds on Pledge with Preference | „ | 10,000.00 |
| | | <hr/> |
| | | Frs. 559,608.60 |

These operations were conducted for the following purposes :

| | | |
|--|------|-----------------|
| Grain Cultivation | Frs. | 315,404.10 |
| Vineyard " | „ | 80,204.10 |
| Purchase and Improvement of Cattle | „ | 70,250.00 |
| Various Kinds of Cultivation | „ | 58,200.00 |
| Olive Cultivation | „ | 27,200.00 |
| Sulphate of Copper Sulphur, Manure, etc. | „ | 8,350.00 |
| | | <hr/> |
| | | Frs. 559,608.60 |

If to this amount is added that of the renewals, or 585,823 frs., we have a total direct business done with the farmers of 1,145,431.60 frs.

If then to this is added the 7,070,362.99 frs. for business done with the intermediary institutes we get the amount of 8,215,794.59 frs. as that of the total business done by this Institute in agricultural credit in Latium.

(c). *Rate of Interest.* For operations conducted with the intermediary institutes the rate has never been above 5 %. Those conducted directly with the farmers bore interest of 6 % at most.

§ 2. *The Provincial Agricultural Credit Bank for Basilicata.*

As we know the Savings Bank of the Bank of Naples was authorized by law of 7th. July, 1901 to conduct agricultural credit operations in all the mainland Provinces of the South, and, consequently, also in the Province of Potenza. But it was seen to be necessary to take special measures in the case of this latter. This was the origin of the law of 31st. March, 1904, which founded the Provincial Bank of Agricultural Credit for Basilicata, as an independent body with headquarters at Potenza. For the formation of its capital there were chiefly assigned : an amount of 2 millions advanced

by the State (1) ; all the unwooded lands of state property available in Basilicata and in the province ; all land that hydraulic works carried out along the banks of water courses recover from the present bed of such watercourses and that are now unproductive. These lands will be granted on long lease to co-operative societies or private persons at their demand, preference being given to those inhabiting the riverside land.

The operations the provincial bank is authorized to conduct, in conformity with the law we have just mentioned as well as with that of 9th. July, 1908, amending the first (2), included those of agricultural credit for farm work and improvements (3).

Its object in fact is :

(a) to advance loans in money, implements or livestock to the *monti frumentarii*, agricultural banks and consortiums, which, in their turn, with the means thus supplied to them, they lend to farmers.

(b) to advance loans to tenants on long lease or recognised agricultural co-operative societies managing agricultural industries and others of like character, exclusively for the following purposes : 1st. construction of houses for métayers, scientifically built cattle stalls, roads across farms, supply of drinking water to the farms, irrigation, walling or hedging open fields ; 2nd. plantation of trees useful in agriculture or reafforestation ; 3rd. purchase of cattle, 4th. purchase of agricultural implements, farm requisites and stock generally.

(c) to advance loans to landowners and tenants for the objects indicated under the first, second and third heads.

On these various advances, guaranteed by special preference or ordinary mortgage, in conformity with the laws of 23rd. January, 1887 and 11th May, 1903 (4), the bank may charge 4 % interest at most. Exception will be made in the case of loans for building métayer's houses and for scientifically built cattle stalls. These will be granted at a favourable rate of 2 ½ %.

So much said, we give here the statistics for the work of the bank in 1910

(1) The State advance bears no interest for 10 years; from the 11th. year it has to pay 2 % interest for 50 years, at the end of which it must be repaid.

(2) By granting the Provincial Bank of Agricultural Credit for Basilicata new facilities and the right to conduct new operations, the law of 9th July, 1908, rendered its work possible.

(3) In this point differing from the operations of the Savings Bank of the *Bank of Naples*, restricted to the grant of credit for farm work.

(4) In article 17 of the law of 11th. May, 1903, no. 254, on cheap dwelling houses, it is laid down that the loans for construction of rural buildings shall be guaranteed by mortgage on the said buildings and the land occupied by them.

The loans granted that year to the intermediate institutions were distributed as follows :

| | | | |
|---|----|-----|------------|
| Agricultural Consortiums | 6 | Frs | 208,953.26 |
| Agricultural Banks | 13 | " | 112,411.91 |
| <i>Monti frumentari</i> | 2 | " | 22,000.00 |
| Agricultural Co-operative Societies | — | " | — |
| | 21 | Frs | 343,367.17 |

On the 31st. December, 1910, the situation with respect to these advances was as follows :

| | | | |
|---|----|------|------------|
| Agricultural Consortiums | 6 | Frs. | 162,306.57 |
| Agricultural Banks | 13 | " | 109,759.14 |
| <i>Monti frumentari</i> | 6 | " | 34,725.60 |
| Agricultural Co-operative Society | 1 | " | 278.95 |
| | 26 | Frs. | 307,070.26 |

Besides these advances granted to the *Monti frumentari*, the agricultural banks and consortiums, this bank has granted loans for permanent improvements. Among these, some have a certain importance, those namely for rural buildings (métayer's houses, stables), water pipes and purchase of cattle. On the 31st. December, 1910, the first amounted to 202,432.70 frs., the second to 254,327.91 frs., giving a total of 456,760.61 frs.

§ 3. The " Vittorio Emanuele III " Agricultural Credit Institute for Calabria.

This institute was founded as an independent civil body by law of 25th. June, 1906 (1), on the action to be taken in behalf of Calabria. Three towns were assigned as its seats, Catanzaro, Cosenza and Reggio Calabria. To form the initial capital of each of these, an amount was assigned equal to half the tax on the land registered in 1905 in each province, or :

| | |
|-------------------------|-----------------|
| for Catanzaro | frs. 816,477.85 |
| " Cosenza | " 705,572.89 |
| " Reggio | " 514,205.01 |

The capital was afterwards increased by other amounts of various origin that we cannot give the precise figures for.

(1) This law like that promulgated for Basilicata was completed and amended by law no. 445 of 9th. July, 1908.

The principal object of this institute is to grant the farmers loans for harvesting, cultivation, seeds, manure, anticryptogamic material, insecticides and others of the same kind. These loans must serve also for provision of the farms with live and dead stock, agricultural machines and implements and farm requisites generally. The maximum interest on these loans is fixed at 5 %.

This institute also lends to agricultural consortiums and banks. It is further authorized to grant loans at a rate not exceeding 4 % for permanent improvements under the following heads, (1) building of métayer's houses, of cattle stalls, construction of roads across farms, supplying drinking water to lands to be settled, reconstitution of vineyards destroyed by phylloxera, and planting of oliveyards and orchards.

In 1910, the Catanzaro office granted 345 sums amounting to 393,233 frs., 60,000 frs. being two subventions to the Nicastro Agricultural Bank ; the remainder, 333,233 being loans to farmers. We may divide these loans in accordance with the object for which they were intended, as follows :

| | | | |
|---|-----------|------|---------|
| for cultivation | 225 loans | frs. | 159,398 |
| „ cattle purchase | 98 „ | „ | 139,960 |
| „ purchase of machinery and implements | 20 „ | „ | 33,875 |

In the same year the Cosenza branch granted 374 sums amounting to 325,333 frs., 4,000 of these francs formed an advance to an agricultural consortium, the rest were granted in loans to farmers. According to the purpose for which they were intended these loans may be divided as follows :

| | | | |
|--|-----------|------|---------|
| for cattle purchase | 191 loans | frs. | 203,934 |
| „ cultivation, harvest, seeds, manure, etc. | 165 „ | „ | 90,732 |
| „ purchase of machinery and implements | 17 „ | „ | 26,767 |

The Reggio Calabria branch conducted 256 operations for an amount of 356,010 frs., namely three subventions of 25,000 frs. to an agricultural consortium and an agricultural bank, and 253 loans for 331,010 to farmers, distributed as follows according to the purpose for which they were granted :

| | | | |
|---|-----------|------|---------|
| for purchase of cattle | 102 loans | frs. | 148,950 |
| » purchase of machinery, im- plements and farm requisites | 54 „ | „ | 102,360 |
| » cultivation, seeds, manure and anticryptogamic sub- stances | 97 „ | „ | 79,700 |

(1) On the 31st. December, 1910, a beginning had not yet been made with the credit operations for permanent improvements, provided for in art. 55 of the law.

Since 1908, the year in which the Vittorio Emanuele III Institute began working up to 31st. December, 1910, 2,123 loans for a total amount of 2,517,917 frs. have been granted by it.

§ 4. *The «Ademprivile» Bank for Sardinia.*

The first law intended for the provision of the special requirements of Sardinia was that of 2nd. August, 1897. Among its various provisions there were some for ensuring credit for agriculture. For this purpose, a new institute was created: the "ademprivile" bank, to which were assigned the *ex-ademprivile* lands, free of servitude, joint possession, or any other charge. By the law of July 28th, 1902, this bank was divided into divisions, with head offices respectively at Cagliari and Sassari, and by an other law, of July 14th, 1907, these divisions were formed into independent civil personalities and to them were assigned the functions of the Provincial agricultural credit banks instituted in 1906 in the South of Italy (2). The capital of the "Ademprivile" banks of Cagliari and Sassari is principally composed: (a) of a State Advance of 3,000,000 francs, 1,800,000 for Cagliari and 1,200,000 for Sassari, to be repaid in fifty years with 2 % interest from the 10th year after the last payment; (b) of the property of "*ademprivile*" origin, for Cagliari, 1,622,421 frs., and for Sassari, 396,459 frs. (c) a sum equal to half the land tax on the lands registered in 1905, for Cagliari, 902,631.77 frs. and for Sassari, 424,986.12 frs.

The operations they are permitted to conduct are the following:

1st. advances in money and kind to the *Monti frumentari* and *nummari*, the agricultural banks and consortiums;

2nd. advances to tenants on long lease and to recognised agricultural co-operative societies, for purposes similar to those for which advances may be granted by the Basilicata Bank (letter b);

3rd. advances to owners and managers of farms for building *métayers'* houses, or cattle stalls, planting, or reconstituting with American vines, vineyards destroyed by phylloxera belonging to small landowners, and for grafting of olive trees.

The maximum interest on the above loans is 4 %; those for building of *métayers'* houses and scientifically constructed cattle stalls must be granted at 2 ½ % as in the case of Basilicata (3).

(1) By *ex-ademprivile* property is intended property formerly subject to *ademprivio* rights, consisting in rights of sowing the land, pasturage, collecting fuel, etc.

(2) See on this subject *Bulletin of Economic and Social Intelligence*, no. 4, 39th April, 1911, article p. 223.

(3) In the session of the Chamber of Deputies of 3rd December, 1910, the then Minister of Agriculture, the Hon. Signor Raineri, presented a bill on Sardinia with the object of

The new law on Sardinia, 14th July, 1907, united with the previous ones in a final text (November 10th, 1907) came into force during the year 1909. Therefore little can be said of its results. As far as agricultural credit is concerned, it is enough to say that on the 31st. December, 1910, the advances made by the Cagliari *ademprivilè* bank to the agricultural banks and consortiums, amounted to 201,846 frs., while the bank had opened credits for them for 381,379 frs, 7,365 frs of which represented direct discount and 194,481 rediscount of bills passed to these institutes by farmers; the advances the same bank had made to *Monti frumentari* amounted to 90,913 frs. and credit had been opened to them for 146,810 frs. At the same date the direct loans for farm purposes appeared as 4,735 frs., and no credit operation had yet been conducted for improvements.

For reasons there is no space to mention here, the total credit opened to the *Monti frumentari* by the Sassari *ademprivilè* bank has been lower. On the 31st. December, 1910 it appeared as 19,000 frncs, 5,000 francs of which only had been actually borrowed. Yet it must be said that this Bank has a large credit of 470,000 francs with the *Monti di soccorso* of the Province, by reason of advances made in conformity with the law of August 2nd. 1897, while the Cagliari *ademprivilè* bank had no credits of the kind before the last law. The Sassari *ademprivilè* bank had also, before the 31st. December, 1910, granted loans for farm purposes for the amount of 255,697 francs, loans for farm improvement for that of 150,263 frs.; and advances to agricultural banks and consortiums for 23,359 frs.

placing agricultural credit in that region on a more satisfactory basis. It was proposed to extend the exercise of it to rural banks, agricultural co-operative societies for production and labour and cattle insurance societies. We dealt with this proposed reform in a special article, published in the Bulletin of 31st. May, 1911, page 191.

III. — BIBLIOGRAPHY.

Publications of Recent Date relating to Non-Co-operative Agricultural and Land Credit.

(a) Official Publications :

Gli istituti di emissione in Italia e la vigilanza governativa dal 1893 al 1910 (*Italian Institutes of Issue and the Supervision of the Government from 1893 to 1910*). Treasury Department. General Direction of the Supervision of the Institutes of Issue and the Treasury services, Rome, G. Bertero, 1911.

(b) Publications of the Credit Institutions :

Banco di Napoli (*Bank of Naples*) : Cassa di Risparmio (*Savings Bank*). Guida contabile per le Casse agrarie di prestiti nel Mezzogiorno (*Manual of Bookkeeping for the Use of the Southern Agricultural Loan Banks*) Naples. F. Raimondi, 1911.

Tavole grafiche delle principali operazioni compiute dal Banco di Napoli dal 1896 al 1910 (*Diagram Tables showing the chief Operations conducted by the Bank of Naples from 1896 to 1910*). Turin International Exhibition 1911.

Istituto di credito Vittorio Emanuele III (*Credit Institute, "Victor Emanuel III"*). Reggio Calabria Office. Relazione del Direttore sull'esercizio 1910 (*Report of the Manager on the Working Year, 1910*). Reggio-Calabria, P. Lombardi, 1911.

Istituto di Credito agrario Vittorio Emanuele III. Cosenza Office. Report of the Manager on the Accounts for the Working Year 1910 and the Progress of the Business. Cosenza. Press of the "Cronaca di Calabria" (*Chronicle of Calabria*), 1911.

La Cassa di Risparmio di Roma. Historical Monograph. Statistics from the Foundation (14th. August, 1836) up to the year 1910. Rome, Calzone, 1911.

Notices and Documents concerning the Savings Bank of Padua from 1898 to 1910 ; appendix to the Notices and Documents from 1822 to 1897. Padua, Co-operative Press, 1911.

Asti Savings Bank, 1843-1910. Notes for the International Exhibition of Industry and Labour at Turin, in 1911. Turin, L. Simonetti, 1911.

(c) Other Publications :

LEVI DELLA VIDA, ETTORE : Istituti di emissione e Banche popolari (*Institutes of Issue and Popular Banks*). In "Credito e cooperazione" (*Credit and Co-operation*). Rome, No 3. February 1st., 1912.

Intorno al credito industriale (*Industrial Credit*). In the "Rivista delle Società Commerciali" (*Review of the Commercial Societies*), Institute of the Association of Italian Societies limited by Shares. Rome, numbers for July-November, 1911.

PART IV.

MISCELLANEOUS.

(FACTS AND PROBLEMS OF GENERAL AGRICULTURAL ECONOMIC INTEREST)



MISCELLANEOUS

INTERNATIONAL FACTS AND PROBLEMS.

Increasing Cost of Life from the International Point of View.

Sources :

- BAUER (STÉPHANE) and FISCHER (IRVING) : Le renchérissement du coût de la vie au point de vue international. (*Increasing Cost of Life from the International Point of View*) Bulletin des Ligues Sociales d'Acheteurs, 1st. quarter, 1912.
- CHAPIN (ROBERT COIT) : Living Costs : A World Problem, in the *Survey*, February 3rd., 1912.
- EINAUDI (LUIGI) : È possibile frenare il rincaro della vita od il ribasso delle rendite pubbliche ? (*Can the Increasing Cost of Life and the Reduction of Incomes be checked?*) *Corriere della Sera*, February 27th., 1912).

The year 1911 witnessed a revolt on the part of the consumers. Emanating from America the movement crossed the Ocean, became intensified in the North of France, Belgium, Germany, Switzerland and Italy, assuming a violent form in Austria. Parliaments, municipalities, newspapers were full of lamentations over the "crisis in consumption." And if the other troubles of the year — drought, cattle epidemic, international complications, war — are both local and temporary in character, everything leads to the belief that the present high prices will not disappear shortly, if the forces contributing to their increase are allowed full play, if at least their effects cannot be successfully hindered. Whatever the economic, political or social attitude dictating the observer's conclusions, nobody can deny the necessity of studying the history of this phenomenon without prejudice, its extent, its gravity for every country, and the degree in which the measures by which it has been attempted to combat high prices have succeeded or failed. Projects may be brought forward,* finally, for the arrest, by international agreement, of a rise in prices threatening the purchasing power of the wages of the poorer classes, the sale of manu-

factured produce, the revenue of the rich, the finances of the State, and even affecting a portion of the agricultural classes by the effect it has on live-stock improvement.

For these reasons, Prof : Stéphane Bauer, of the University of Bâle (Switzerland) and Prof : Irving Fischer of the University of Yale, New-Haven, Conn. U. S., consider that an international enquiry into the cost of living is necessary.

Unhappily, say these writers, the present condition of the statistical machinery for solving in any way the problems of the fluctuations in prices and consumption, is so little adapted to the requirements of a scientific enquiry that an international reform of our bases for judging can no longer be avoided. Indeed, — and the fact was ascertained quite recently at the international conference on sugar bounties, — current prices are manipulated by interested groups ; then there are differences in the manner of abstracting and grouping the figures ; finally, the importance of each article varies for the various countries and social classes.

Apart from these considerations, it is observable that since 1895, the year they were lowest, prices generally have increased in every country for which we have statistics. Fifteen years ago then the ascending curve began. We may measure this movement by making a total of the prices of a certain number of principal articles, say 250, in one year or the average for a series of years ; proceeding afterwards in the same way for one of the following years, we may compare the percentage increase of the total prices. It is evident that these "index-numbers," to admit of comparison, must be calculated for the same number of articles and for the same year ; then, the importance attributed to each article must be settled accordingly. We are far from possessing such agreement in our statistics. All that can be said, is that apparently the maximum increase in prices is to be found in the United States and the minimum in England. Their *index numbers* are :

| | 1897 | 1899 | 1901 | 1903 | 1905 | 1907 | 1909 | 1910 |
|---|------|-------|-------|-------|-------|-------|-------|-------|
| United-States (Prices for 1890-1899 = 100 ; 250 articles) | 89.7 | 101.7 | 108.5 | 113.6 | 115.9 | 129.5 | 126.5 | 131.6 |
| Canada (Prices for 1890-1899 = 100 ; 230 articles) | 92.2 | 100.1 | 107.3 | 110.5 | 113.8 | 126.2 | 121.2 | — |
| United Kingdom (Prices for 1891-1900 ; 45 articles) | 93 | 102 | 106 | 105 | 109 | 120 | 112 | 117 |
| France (Prices for 1891-1900 ; 43 articles) | 92 | 103 | 105 | 104 | 109 | 119 | 116 | 116 |

The figures for the last two countries do indeed admit of a comparison, but their importance is evidently very limited. The statistics of import prices, on which these calculations are based, cannot be considered as the expression of the real fluctuations of wholesale prices. Still their increase since the beginning of the century is undeniable.

This increase in wholesale prices will not be long in affecting retail prices, the price of land, and the rate of interest; an increase in the demand for capital for industry will raise the prices of the building contractors. Rents will rise. The humblest lodgings, those below 249 francs, increased one fifth in Paris between 1900 and 1911 and to the same degree in Mannheim from 1904 to 1908. As regards retail prices and their difference from wholesale prices, the statistics of the municipalities leave us in still more complete ignorance than those for wholesale prices. Retail prices vary for the same kinds of meat, bread, coffee, according to season, to the quantity bought, the purchasing possibilities of the local customers, and the organization of the supply. Let us, however, observe, that in the United States, the retail index price of food stuffs increased from 96.3 in 1902 to 120.7 in 1907 (compared with the prices from 1890 to 1899, calculated as 100), and in London the index increased by 9.9 % from 1901 to 1910.

Let us add a word upon wages. The American statistics allow of our following the history of their increase. It appears that the increase of business and of the industrial demand began in 1894; that prices began to increase in 1896; that wages remained stationary up to 1898 and that the working hours were only reduced in 1901.

The wages of the organized workmen have very considerably increased in Germany and in England. Still classes so important as the British railwaymen did not profit by this change until 1908 and the miners in the State mines of Germany and in some British mining regions have even had their wages reduced. A controversy arose in 1908 between the German syndicalists and the orthodox: as to whether the action of the syndicates were capable of producing advantages in excess of the increased cost of living? As long as there are no international statistics of wages and the cost of living, the matter will remain in dispute. The Labour Office of the United Kingdom, which publishes an abstract of foreign wages, completely realising the insufficiency of the existing statistics, has itself proposed an international understanding.

The insufficiency and inaccuracy of our statistical knowledge have yet another result: the diversity of opinions as to the causes of the increasing prices.

Whoever undertakes an enquiry into the causes of the high prices in different countries, and among the representatives of various social groups will receive extremely conflicting answers. In the United States the phen-

omena are attributed to the trusts ; in Germany, to protectionism ; in Paris and Vienna, to the altered way of living ; among the agricultural labourers to the drought ; among the small traders, to speculation ; among the large live stock improvers, to the middlemen ; among the small employers, to the strikes ; and among the large contractors to the social laws. This catalogue is far from exhausting the complaints, and the want of knowledge in every case.

Indeed, as regards the formation of prices, a distinction must be made between local, national and international, economic causes. The local variations of prices in the different grocers' establishments of the same town, and on the markets of two neighbouring villages are incontestable : nor will it be doubted that while the productive possibilities of two countries and the expense of transport affect the cost price, there will be national differences in the manner of forming prices, accentuated by the town dues. Finally, international economic relations have their influence. Those may be classified from three points of view: There is first of all an equality or at least resemblance in the effect of changes in production in every country. Our economic constitution, the result of the social history of the West, contains the germs of a latent international economy. We find, for example, that with incomes below 3,000 francs, the German workman, exactly as his American compeer, pays 48 % of his total means for food and 18 % for lodging.

There is, secondly, free national competition, manifested in the movement of goods, capital and labour from one country to another, with all the auxiliary movements of the monetary circulation, and instruments credit, by international markets, transport, exhibitions, and of advertisement.

There is, finally, organised international economy. There are organizations of sellers fixing the prices of certain goods or certain services. These are syndicates of States, for example, the Postal Union, or syndicates of private producers.

From the producer's point of view, the difference in wholesale prices may be explained by the degree in which the price of an article enters into these different spheres of national and international influence.

But two other factors complicate the inquiry : the increase of demand on the one hand, the depreciation of purchasing power of the standard unit of value on the other. And it is only after an appreciation of these international influences that one can with advantage begin to understand those exerted in every nation by the organization of supply, the régime of the middlemen, the extension of direct relations with the ultimate consumer. The application of this method may explain certain phenomena of the present high prices. This rise in price has, in America, affected to an extreme degree the raw produce of agriculture and

livestock improvement, as well as of wood and building material, whilst there has been a fall in the prices of clothing and furniture. On the other hand, there is a great increase in the price of metals. Nourishment, then, lodging and certain rough ores are chiefly affected.

Nourishment represents about half of the whole expenditure of the great majority of the population. A decrease in their incomes or an increase in price of food raises this fraction from 50 to 60 % or more of the total expenditure. There will therefore be less of the income available for purchases other than food.

In the expenditure for food, half (to be more accurate, 53 %) in the poorer paid classes is devoted to the purchase of animal food, such as meat, milk, eggs, and half of this again to meat. In the other half of the expenditure on food, 32 % is spent on vegetable substances, bread, vegetables and fruit (20 % on bread); the rest is absorbed by stimulants and drinks.

As incomes increase and the more urban the life, the more the proportion of meat in this expenditure increases at the expense of vegetable food, especially of bread and potatoes. The meat question then predominates more and more from the point of view of private consumption in the problem of the increasing cost of living.

Now, comparing the increase of the European population from 1900 to 1910 with that of the horned cattle, sheep and pigs, we find an abatement in the increase of the animals supplying us with meat. The consumers have increased in the proportion of 13.2 %; oxen, etc. by only 4.4 %. sheep have decreased by 5 %, pigs increased by 12.9 %. Countries in which pork is preferred for consumption, such as North Germany; have consequently had less to complain of than those principally consuming beef, such as Austria. There was then a deficit in the European supply of meat before the last drought and the ravages of cattle disease; these two circumstances have only contributed to the exhaustion of the Danish, Dutch and Italian reserve supplies.

The reasons for the increased prices must not therefore be sought in accidental causes. The international phenomenon is to be explained by reasons of economic and social character. What are these reasons?

For Messrs. Bauer and Fischer, increased consumption comes first. In England, for example, the increase was from £ 56 to £ 60 per head from 1895 to 1908. But this increase was entirely due to the import of foreign meat; the proportion of English meat in the same period decreased from £ 39 to £ 36 per head. In consequence, the import of congealed meat from over sea was called for, from countries of extensive pasture, the climate of which allows of the husbanding of cattle food for winter, and the population of which is too scattered itself to consume the meat produced.

The refrigerating industry, thanks to the genius of Dumas, in 1835, and the perseverance of M. Charles Tellier, in fact, allowed of the exportation from Argentina of the meat of 126,000 oxen in 1901 and 642,000 in 1909. The centralisation of refrigerating stations, so little in use in Europe, on which 125 million francs were spent at Buenos-Ayres, further permits of dispensing with a large part of the medieval apparatus of fore-stallers, butchers, commission agents, etc., to whom in Europe the distribution is entrusted. Observation made in Germany and Switzerland that the retail-price of meat is from 5 to 10 % less in towns provided with co-operative slaughterhouses than in towns in which special agents act as intermediaries, permits the belief that an enquiry into this secondary but very efficient cause of the high price of meat may not be without its advantage.

At the same time it would be necessary to study the reasons for the increased cost of livestock improvement. Must it be attributed solely to the increase in price of cattle foods or to the rapid increase of the population in the large cities occupied in industry, and the depopulation of the country? Indeed, in almost all European countries, the farmers complain that livestock improvement is no longer profitable, and that they are forced to abandon it, to devote themselves to dairywork or other more remunerative occupations.

But the high price of meat and cattle entails also that of milk, butter and its substitutes. What are the effects of this increasing cost of living?

When the rate of wages remains the same, from one year to another, this increased cost means a reduction of all other expenses: lodging, clothes, education, etc. But as these needs cannot be infinitely decreased, the consequence will be a decrease in the quantity and quality of food. Now, it has been ascertained that to every decrease in the quantity of albumen derived from animal food, there corresponds an increase in the relative duration of diseases and even in the death rate among the working classes whose wages do not permit of their purchasing the minimum of nutritive substances. These observations recently made in the case of the Saxon and Prussian workmen by Bauer and Lichtenfeldt, have quite independently been confirmed by an enquiry conducted by Signori Albertoni and Rossi of Bologna. These learned Doctors have ascertained that among the agricultural workmen of the Abruzzi, whose insufficient and exclusively vegetarian food they have analysed, the organism offered no resistance to disease. The exhaustion of the race produces a very notable depopulation there; generally, only one member of each family marries. There is therefore a minimum purchasing power of wages, and a fall of wages below this hygienic minimum causes serious trouble not only from the humanitarian point of view, but from that of

industry itself which laments the "deficiency of labour"; of course this increased cost of living increases the expenditure for the nourishment of the soldiers, and thus becomes in its turn, a new burden on the state.

Besides the phenomenon of this increase in food cost, the relative high cost of wood and metals has been ascertained. Bauer and Fischer think that the first may be attributed to the increased industrial demand. The establishment of the price of metals is due to the international syndicates, above all those of copper and tin. It is probable that it would be impossible to penetrate into their economic strategy without decreeing their international obligation to furnish information.

In some countries, it has been proposed to combat these syndicates, by the nationalisation of the industries monopolised by them. From the point of view of the consumer it will be essential, in such case, to guarantee him against a still higher rise in price and against the deterioration in quality of the produce. The excise itself suffers in many industries from the increased price of raw material from abroad. The State itself, then, representative of the Sovereignty of the nation, is not exempted from international influences, in its character of producer.

Evidently, if by an international enquiry into the causes of the high prices, the origin could be traced to the limitation of agricultural production in Europe, the only remedy would be to encourage the import of agricultural produce from over sea. If the enquiry showed that the cause was rather due to the system of middlemen, competition against them by means of co-operative societies would have to be organized. If it is found that the high prices increase the disposition to disease and the death-rate among certain groups of workmen, physiological enquiries would serve to establish a minimum wage adapted to the variations of prices. In a word, an enquiry into the cost of living would, in any case, lead to tangible results.

But outside this current of ideas, concerning itself with the causes and effects of the reduction of the purchasing power of wages, of the *real* wage, and its remedies, the question of the diminution of the purchasing power of the standard unit of value must be studied. We must learn whether, in consequence of the enormous increase in the gold output, the value of a twenty franc piece has not been reduced. For, in such case, we should have to buy the same quantity of goods for a larger quantity of gold than formerly.

Economists of great competence attribute the rise in prices to the depreciation of gold. See for example what M. Charles Gide says, with captivating clearness, in the *Matin* of December 3rd., 1911:

"In the last twenty-five years the production of gold has increased almost fivefold. It was 500 million francs in 1882-1883; it is to-day nearly 2½ milliards (to be precise, 2,429 millions in 1910). This inundation of

gold from the Transvaal, Klondyke, Australia and Siberia, divides into three channels: the greater part is converted into money in the mints of various nations; a part is heaped up in ingots in the cellars of banks to guarantee their notes, and about a fourth part passes to industry to be fashioned into jewels or gilding. Thus within twenty years more than thirty milliards of francs worth of fine gold pieces have been struck, under the form of French gold, English sovereigns, American eagles, Russian Imperials, etc. And besides the issue of bank notes has increased to such an extent that the Bank of France has almost reached the maximum limit fixed by the law and a new law is now required to extend the limit by a milliard.

Doubtless there may be special increases of price in such or such an article of merchandise — due to bad harvests, protective duties, speculations, strikes, etc. — just as there are movements proper to certain stars; but it must be observed that the increase in prices manifests itself to-day in every country and with regard to the most various articles: it can only therefore be explained by a universal cause common to all countries and all exchanges, and what can be that universal cause if not the common medium of exchange of all nations?

Whenever in economic history the quantity of money has rapidly increased — whether metallic money, after the discovery of America, or paper money during the issue of the *assignats*, — there has been observed an enormous increase in prices; there is no example to the contrary. Why then should the present deluge of gold not be followed by the like effect? We foretold it sixteen years ago and there was no great merit in the prophecy. And indeed we should rather have been surprised if an increase of 30 millions of minted gold had not caused a comparatively small rise of prices, of 20 or 25 % at the utmost, if we did not know that the simultaneous increase of industry and exchange had created an enormous need of gold and consequently maintained its value; otherwise the depreciation would have been more rapid and the rise of prices much higher."

The opinion of M. Gide is shared by many English economists; it has the support of American economists, such as Messrs. Kemmerer and Irving Fischer; it is contested by others, such as Lexiset and von Wieser. That is why Bauer and Fischer do not hesitate to say that the only means of verifying this theory is to open a large international enquiry and invite the Governments and credit institutes to give every possible attention to the reform of their statistics.

Supposing that this enquiry confirms the opinion of the depreciation of the standard unit of value, the multiplication of which brings with it a still vaster extension of instruments of credit, what means would it give to those who desire to combat the reduction of the "purchasing power of money?" In his book, entitled: *The Purchasing Power of Money*, published

in 1911, Mr. Irving Fischer proposes an international convention to render stable this purchasing power. He conceives that the index number of the prices of the years taken as basis would provide a point of departure for this monetary reform, the object of which would be to render the formation of prices independent of the caprices of gold production and metallurgy. He proposes not to replace gold by another monetary metal, but not to strike any more gold pieces for private account. Then, an equality would be established, by the creation, by international treaty, of a statistical office which, by dividing the price of gold on the market by the index number of the prices, would give the official price of gold. At this price the national departments for monetary regulation should sometimes sell gold ingots to the public, and sometimes, — in case of fall of prices, — buy them. This is a system which generalises the functions of the Austro-Hungarian Bank and which is in use in the Philippines and consists now in buying, now in selling bills of exchange on foreign cities in order to regulate the course of exchange and to prevent the withdrawal of gold.

It is only as an indication that this plan is mentioned; its authors are far from suggesting solutions before they have satisfied themselves by an international study of the facts. Even those who do not accept the theory of the depreciation of gold, are ready to admit that the increase of the monetary circulation may constitute a new demand, the first formation of a new purchasing power, to use von Wieser's expression, which may at least explain a part of the increased prices. Yet, the increasing number of observers, who do not share the "gold superstition," who think like de Greef, and Knapp, that the national experiments of banks in certain countries lend themselves to a more extended social policy of our means of purchase, permit of our supposing that an international enquiry into the purchasing power of the unit of value is not less necessary than into the problems of the purchasing power of wages.

As regards Bauer and Fischer, let us observe that almost simultaneously and independently of each other, they have recognised the necessity of an international enquiry. The subject of the study of one of these writers was the depreciation of the unit of value; the observation of the fluctuations of the real wage, the extension of depopulation and the decay of labour, claimed the attention of the other. A profound comparative study of the international phenomena of increasing prices revealing serious deficiencies in various directions, they successfully addressed themselves to numerous economists, statesmen and business men. Their propaganda has been richly rewarded.

Among the first, the *American Economic Association** completely approved the proposal for the enquiry; the New York Chamber of Commerce, in its turn, did not hesitate to give its adherence. Far more than that, Prof. Fischer has already succeeded in getting a bill introduced

into the Senate, authorizing the President to appoint the Members of the International Commission. Yet other support has been received in the United States, notably from the Ministers of Finance and of Commerce, M. Neill of the Labour Office ; Managers of large Railway Companies, as Messrs. W. C. Brown, of the *New York Central*, and J. J. Hill, of the *Great Northern*. Among English adherents, let us mention Prof. Alfred Marshall, Mr. C. S. Lock, Secretary of the *London Charity Organization Society*, Messrs. Charles Booth and B. Seebohm Rowntree. Germany we find represented by Professors Schmoller and Brentano : and E. Francke, Manager of the Berlin *Bureau für Socialpolitik*. Let us mention for Austria, Prof. Böhm-Bawerk ; for France, MM. Charles Gide, and Paul Leroy-Beaulieu. In Italy, Signor Nitti, Minister of Agriculture, Commerce and Industry has entrusted Prof. Montemartini, director general of Statistics and Labour, with an enquiry into the increase of prices, and he has not hesitated to accept the idea of Messrs. Bauer and Fischer. This shows to what degree the latter have given voice to the general anxiety.

MISCELLANEOUS

AUSTRIA.

CURRENT QUESTIONS.

Restriping of Land in Austria.

Sources :

- Die agrarischen Operationen in Oesterreich. Veröffentlicht vom K. K. Ackerbau-Ministerium (*Agricultural Operations in Austria. Publication of the Agricultural Department*). Vienna, 1908.
- Ergebnisse der landwirtschaftlichen Betriebszählung vom 3 Juni 1902 in den im Reichsrath vertretenen Königreichen und Ländern (*Results of the Census of Farms in the Kingdoms and Countries represented in the Reichsrath*) Vienna, 1909.
- Oesterreichisches statistisches Handbuch 1910 (*Austrian statistical manual*). Vienna, 1911.
- Oesterreichisches Staatswörterbuch (*Manual of Austrian Common Law*) Article: Arrondierung und Zusammenlegung der Grundstücke. Vienna, 1905.
- WALTER SCHIFF: Die Arrondierung und die Zusammenlegung der Grundstücke (*Restriping of Land*), Vienna, 1899. Moritz Perles.
- ANTUN GRUBISIC: Agriculture operations as a Means for Improving the Economic Situation in Dalmatia, Pola, 1911 (*In Croatian*).

§ 1. Introduction.

The change from the feudal régime to the present one of economic liberty was not effected without deep traces remaining of the former state of things, traces still subsisting to-day with considerable influence upon rural economy. They are still to be found in *forestry and pasturage servitudes, in collective agricultural holdings* and in the *irregularity of the arrangement and geometrical form of holdings*.

Let us explain these expressions :

The *forest and pasturage servitudes* consist in the right of outsiders (private individuals, or communes, or villages or unions of persons interested) to gather wood and cut grass on property belonging to another, or to pasture there cattle on it. Such servitudes have to a large extent survived in full.

Collective Holdings exist when a certain farm is the property of a group as group, that is to say, independently of the several members, who share by right in the profits. These are properties of extensive cultivation,

calculated altogether at 30,000 square kilometres; so that about a fourth of the permanent grass, pasture lands and forests in Austria are included in the class of collective agricultural holdings.

As to the *Irregularity of arrangement and geometrical form of holdings*, this means that the farms are not formed of land arranged so as to give the largest return, either because their geometrical form is defective or because instead of a proprietor's land being one continuous piece, it is scattered and broken up into small portions, very frequently at great distances from each other.

It is with this third subject, that is, the unscientific geometrical form of the holdings and the division of the portions of one estate, as well as the legislative measures proposed in regard to this, that we propose to deal here.

§ 2. *Existing Conditions of Rural Property.*

The arrangement of the land as it exists to-day, is, we have said, a remnant of the former organization of landed property. The feudal régime was in fact based on large estates and the principle on which it was farmed and assigned to the peasants to farm corresponded with reasons of expediency, tradition, etc., but not to those of rural economy.

When the régime of economic liberty was substituted for the former, the large estates were divided among an enormous number of owners, but the transfer and subdivision of the land not only perpetuated in the land liberated the cadastral form corresponding to the ancient feudal divisions but even introduced new inconveniences. The consequence is that now rural landed property is largely arranged in a manner conflicting with the requirements of rural economy.

Let us examine the present conditions of rural landed property. According to the census return of 3rd. June, 1902, rural landed property was subdivided as follows at that date:

Subdivision of Rural Landed Property, according to the Census Return of 3rd. June, 1902.

| Area of Holdings | | Number of Holdings | Percentage |
|------------------|-----------------|-----------------------|------------|
| Above | 0.5 Hectares | 326,927 | 11.4 |
| Between | 0.5 H. and 1 H. | 363,949 | 12.7 |
| " | 1 " " | 556,046 | 19.5 |
| " | 2 " " | 806,290 | 28.2 |
| " | 5 " " | 390,241 | 13.7 |
| " | 10 " " | 245,930 | 8.6 |
| " | 20 " " | 130,583 | 4.6 |
| " | 50 " " | 17,946 | 0.6 |
| Above | 100 " " | 18,436 | 0.7 |

The above figures show that if the feudal régime was chiefly based on large landed property, the essentially predominant form to-day is that of small and medium holdings. In fact, in the period preceding the new régime of economic liberty, the rural estates generally consisted of one piece or of lands adjacent to one another constituting one piece.

To-day, on the contrary, rural land is not only divided among a large number of proprietors, but it is also so distributed that the proprietors possess various scattered parcels very often of the smallest size. In 1910, 5,809,610 proprietors in fact owned 56,899,419 holdings, that is to say the landed property of each was divided into about 10 portions.

The following table will show the reader the number of parcels and that of rural land holders in the various provinces of Austria.

| Provinces | Number of Parcels of Land | Number of Landholders |
|----------------------------------|------------------------------|--------------------------|
| Lower Austria | 3,574,428 | 267,794 |
| Upper Austria | 2,034,481 | 118,863 |
| Province of Salzburg | 393,903 | 24,125 |
| Styria | 2,974,634 | 192,772 |
| Carinthia | 953,284 | 46,710 |
| Carniola | 1,738,897 | 130,319 |
| Territory of Trieste | 56,385 | 8,355 |
| Goritz and Gradiska | 608,625 | 59,903 |
| Istria | 1,736,072 | 134,304 |
| Littoral | 2,401,082 | 202,562 |
| Tyrol | 2,361,989 | 248,048 |
| Vorarlberg | 323,767 | 41,033 |
| Tyrol and Vorarlberg | 2,685,756 | 289,081 |
| Bohemia | 9,985,699 | 959,997 |
| Moravia | 5,462,711 | 618,436 |
| Silesia | 895,991 | 83,207 |
| Galicia | 19,189,385 | 2,453,437 |
| Bukowina | 1,201,276 | 242,058 |
| Dalmatia | 3,407,892 | 180,249 |
| <i>Austria (Total)</i> | 56,899,419 | 5,809,610 |

Now to what drawbacks is rural property subject considered with regard to its geometric form and arrangement, in relation to the requirements of rural economy?

(a) The property of each farmer does not consist of a single piece of land or of pieces adjacent to each other, but of a more or less large number of parcels scattered over the territory of one or more communes. It is not here a question of subdivision of land in the sense of the soil belonging to a large number of owners, but of each of the farms being formed of several parcels of land separated from each other. The large quantity of parcels causes a certain area to remain unproductive and exposed to encroachment, to invasion by animals, etc. The boundaries of the holdings, in fact, are not mathematical lines, but furrows, 30 centimetres broad, which cannot be brought under cultivation. The longer the boundary is, the more extensive also is the unproductive area, and the greater the difficulty of supervising the farm and finally the larger the amount of working capital required.

In fact, in proportion to the number of parcels of which one property is composed, the perimeter of the latter increases. For example, if a holding of 25 hectares is composed of a single square piece of land, the length of the perimeter is 2 kilometres; if it is divided into four parcels also square, 4.47 kilometres; for 10 parcels, the length of the boundary reaches 6.32 kilometres; for 20 parcels, it is 8.94 km., for 50 parcels, 14.28 kilometres.

(b) The distance of the various parcels of land from each other, as well as from the farming centre, which, in addition to the drawbacks mentioned, occasions a loss of time, an expenditure of strength, and an increase in the cost of production. It is calculated that the expenditure for the cultivation of land, increases 5.3 % for every 500 metres of distance, for manual labour and ploughing; from 20 to 35 % for transport of manure; from 15 to 32 % for transport of crops. Consequently, then the net yield of a parcel diminishes with the increase of its distance from the centre of the farm. It is known that there are parcels the cultivation of which, in consequence of their distance from the centre, give no net profits and sometimes even present a *deficit*.

(c) Very often the various parcels do not touch the public road; so it happens that one or more landowners whose farms form enclaves in other estates are obliged to cross these last to arrive at their own. Now the landholders in such conditions cannot enjoy an absolutely free right of way. The right is *suspended*, for example, when there are fruit on the trees of the servient tenement. Consequently the owners of the dominant and servient tenements are mutually dependent on each other; each landowner must cultivate his land similarly to that of his neighbour who enjoys the right of way, for example, ploughing, sowing and harvesting at the same

time. It follows that it is very often impossible to transform the mode of cultivation, to render it intensive when it has been extensive, to introduce the system of triennial rotation of crops, etc.

(*d*) Another thing to be deplored is the irregular geometrical form of the parcels; for example, parcels with acute angles, and those contracted into very narrow strips of land.

The degree of the angles has a great influence on the cost of cultivation. The farm should as a rule have angles of 90° since then perpendicular furrows could be traced, without necessitating the use of pickaxe or spade by which the expenditure is increased. But what is more important is the relation between the length and breadth of the various parcels. This is of great importance in connection with the boundaries of the property. Whilst a square farm of the area of 1 hectare has a perimeter of 400 metres, if the relation between length and breadth is 10:1, the perimeter is 696 metres, and it will increase in the same way. If again the relation between the length and breadth is 1,000:1, the perimeter is 6,330 metres. The area included within the boundary, taking the half of the margin formed by these boundaries at 15 centimetres, is equal to 60 square metres or 0.6 % of the area of the farm, when the length and breadth are equal. The same area rises respectively to 104, and 950 square metres, that is 1 % and 9.5 %, when the relation between the length of the sides varies as above.

Consider then the disadvantage of the irregular form of a farm when in Austria strips of land 4 metres wide and 4 kilometres long are frequent enough!

*
* *

All these drawbacks, already so hurtful individually, become much more serious when occurring simultaneously, that is to say, when a parcel of land is at once geometrically ill formed, remote from the dwellinghouse, and forms an enclave in property surrounding it, and when the estates are subdivided and scattered.

It must not be imagined that these are isolated cases, that the traces of the feudal régime we have spoken of are met with only here and there. They are on the contrary more or less generally widespread over all the provinces of Austria.

The most harmful of these unsatisfactory conditions is undoubtedly that of the scattered position of the parcels. The reader will find particulars on this subject in the table we give below, the details of which were furnished by an enquiry conducted by the Agricultural Department in 1870.

*Situation of Landed Property in Austria in 1870,
with respect to the Subdivision of Land.*

| | Percentage of the (Cadastral) Communes in the Provinces with | | |
|--------------------------------|---|---------------------------|--|
| | Land entirely or in greater part in one piece | Land partly subdivided | Land for the greater part subdivided |
| Lower Austria | 23.9 % | 19.6 % | 56.5 % |
| Upper Austria | 12.0 " | 25.6 " | 62.4 " |
| Province of Salzburg | 23.7 " | 27.4 " | 48.9 " |
| Styria | 30.3 " | 11.4 " | 58.3 " |
| Carinthia | 15.2 " | 46.0 " | 38.8 " |
| Carniola | 4.0 " | 6.3 " | 87.7 " |
| Littoral | 0.6 " | 9.9 " | 90.1 " |
| Tyrol | 12.5 " | 4.8 " | 82.7 " |
| Vorarlberg | 14.5 " | 14.4 " | 71.1 " |
| Bohemia | 24.2 " | 0.4 " | 75.4 " |
| Moravia | 22.1 " | 2.1 " | 75.8 " |
| Silesia | 52.3 " | 10.6 " | 37.1 " |
| Bukowina | 1.8 " | 6.7 " | 91.5 " |
| Dalmatia | 0.0 " | 0.0 " | 100 " |
| Total | 20.4 | 8.9 | 70.7 |

§ 3. *Legislative Action with regard to the Division of Rural Landed Property.*

The State could not remain indifferent before such unscientific and anti-economic conditions, affecting the most numerous class of the population: the farmers. Already in 1879, the Minister of Agriculture, Falkenhayn, said very justly that those who might be benefited by State action in this matter were almost the entire mass of farmers in the Empire.

It was for the law to seek means for the elimination, as far as was possible, of the above evils. It is precisely with this object that various laws have been passed, which may be divided into two classes: (a) laws tending to encourage a better system of rural property by means of free exchange of lands among the various proprietors on the basis of individual contracts (*Arrondierung des Grundbesitzes*); (b) laws tending to effect a better system of rural land, by means of general reorganization over a fairly extensive territory (generally a commune), made by special institutions to the exclusion of free contract between the various proprietors (*restriping of rural land. — Zusammenlegung der Grundstücke*).]

*
* *

(a) *Arrondierung des Grundbesitzes*. — The legislative provisions for "Arrondierung" of lands by means of free exchange are the oldest. And this is also natural, as it harmonized with the principle of economic liberty, which predominated about 1860, to allow the systematizing of property to take place by means of voluntary agreement between the parties. The law had then only to remove the obstacles in the way of such arrangement.

When at that date, liberty of transfer and of division of rural landed property (*Freiteilbarkeit der Bauerngüter*) was instituted, it was the general opinion that rural landowners must profit by it, to exchange parcels, on the principle of the greatest mutual advantage and the greatest return from the land.

There were two obstacles, one economic, that is, the high taxes to be paid on transfer of land; the other juridical, the opposition of the mortgagees to any change affecting the land mortgaged. The law of March 3rd, 1868, removed these difficulties. It exempts from payment of all taxes and stamp dues the contracts of exchange made with the object of restriping agricultural land. There is total exemption from these fiscal burdens when the parcels exchanged are of equal value or when the value of one does not exceed half that of the other. Payment of taxes on the excess is required when the value of one of the parcels exceeds this proportion.

The law of February 6th., 1869 regulates the division and exchange of land for the purpose of "*Arrondierung*," with reference to mortgages. As is natural, the consent of the parties interested is always necessary, unless a new mortgage is registered for the detached portion of the property mortgaged, and the burdens on the divided land property assume the form of a simultaneous mortgage. Paragraph 9 further provides: "In case a mortgagee opposes the exchange of the land, his opposition may be declared null by the competent authority, when the exchange is calculated to increase the yield of the exchanged lands and when the mortgage rights do not suffer."

With regard to the "*Arrondierung*" of wooded lands, the law of June 7th., 1883 provides that the exchange may be made even without the consent of the co-proprietor, when a wooded property belongs to more than one proprietor or when a wooded property encloses another (*Entklave*). In such case the favourable opinion of the competent authority suffices, instead of the co-proprietor's consent. Yet such favourable opinion can only be given if the parties interested suffer no hurt, or, only to an insignificant degree, giving them the right to compensation. The deeds in connection with such exchanges are exempted from all taxes and from stamp duty.

(b) Restriping of land (*Zusammenlegung der Grundstücke*). — The law in favour of the systematising of property took a great step forward, when it abandoned the principle of leaving the contracting parties the liberty to arrange their farms after a more scientific and economic way.

It was found that isolated and rare exchanges served little, if at all, to eliminate in an appreciable degree the evils resulting from the existing conditions of landed property, evils we have described in the preceding pages. It was necessary to promote the collective action of a certain number of landholders, if possible of those of an entire commune, and to arrange that the "Arrondierung" should be effected, not individually, that is between two persons in an isolated case, but by means of a collective exchange carried out on a new basis. This is restriping (*Zusammenlegung der Grundstücke*): all the properties to be restriped are considered as a single mass, which is then divided among the landholders on the principle of the best yield of the various parts; each landholder receives a new piece of land proportionate to the value of that he held before. In this way, the previous subdivision totally disappears and in no way affects the new distribution.

A proprietor, for example, whose land, before the restriping, was divided into 10 parcels, after it, will possess a single piece of land or two pieces, according to circumstances, of the same value as that he held before.

The fundamental principle of the law of June 7th., 1883 on restriping is to subordinate the individual's interest to that of the majority concerned, so as to obtain a more economical and more scientific division of the rural land.

The law provides that, when the majority of the landholders of one commune who possess at least two thirds of the land in it, decide to proceed to the restriping of land, the others interested cannot oppose them, and the operation desired by the majority must be carried out. It is more than just that the desire of the majority should suffice, as, given the influence of tradition on the peasants who with difficulty make up their minds to renounce their inveterate habits, it would have been impossible to reach any practical result, if unanimity among the proprietors had been made necessary in order to proceed with the restriping.

When the majority has pronounced in favour, the State intervenes to carry out the operation of restriping. The scientific distribution of a comparatively large land area, so that the rights of all may be safeguarded, is a task replete with such difficulties from the technical, economic, and juridical point of view as well as from the surveyor's, that good results could not be expected unless the State intervened, settling the plan of operations, and getting it carried out by competent and experienced officers. It is only when there is full guarantee of the most complete impartiality

and absolute respect for the rights of all parties that the minority can be obliged to accept a measure to which it is opposed. Let us add that in this question the public interest is also concerned, as the restriping operations must not damage the interests of agriculture, forestry, etc.

We have said that the will of the majority of the landowners is required for the carrying out of the restriping. Now, there is one case in which restriping may be effected even independently of the wishes of those concerned: this is when a provincial law orders the restriping of a certain zone with a view to irrigation works or the drainage of a part of the territory of the province.

§ 4. *How Restriping is Carried out.*

We must now show in detail how the restriping is carried out.

All rural properties within the zone to be restriped, which is generally a cadastral commune, are subject to restriping. If the owner makes opposition, holdings of special value, for which others cannot be substituted (for example, certain kinds of gardens, orchards, vineyards), are excluded from the restriping. Other holdings may be excluded, on account of their nature, when they would suffer serious damage in consequence of division or present special difficulties by reason of the mortgages by which they are burdened.

For the restriping to be carried out it must be asked for by the majority of the parties concerned. This manifestation of their desires is termed *Provokation*: it consists in a demand presented by the landowners to the political authority or to the local commissary, a notary or a lawyer, in which they express the desire that the restriping be proceeded with.

The demand is forwarded to the competent authority, represented by a special group of magistrates of three degrees. The authority of the first instance is the "local commissary in charge of agricultural operations," who is the immediate executive authority. The authority of the second instance is the "Provincial Commission in charge of Agricultural Business," and the authority of the third instance, deciding in the last resort, is the "Ministerial Commission in charge of Agricultural Business" (*K.K. Ministerial-Kommission für agrarische Operationen*).

We must remark that these magistrates are competent to decide, independently of the judicial authority, all controversies raised in connection with the restriping work.

When the authority has given its approval, the Local Commissary undertakes the preliminary work, consisting of the classification and valuation of farms, the establishment of the methods for the direction of the work and he presides over the preparation of the restriping scheme. The parties

concerned take part in these operations by means of a Committee they elect for the purpose which acts as an advisory body to the Local Commissary. During the proceedings the parties concerned may lodge appeals. The parties considered as concerned in the effects of the restriping are the owners and usufructuaries, to the exclusion of others (for example, persons in possession of real rights, tenant farmers).

After having been submitted to the majority of the parties concerned and approved by them, the scheme is forwarded to the provincial commission which may reject or amend it. In case of approbation, the operations enter upon a new phase, that of execution (assignment of new holdings, settlement of the rights of servitudes, mortgages, correction of the land register in conformity with the new conditions).

The operation of restriping, involving the solution of manifold economic, technical and juridical problems, is very complicated and costly. The expense varies with the area to be restriped and is borne in part by the parties concerned and in part by the State; the deeds of all kinds, documents, etc., are exempt from taxation and stamp duties.

The expense of restriping per hectare is calculated as under:

| | | | | |
|----------------|-----------|---------------|---|----------------------------|
| For an area of | 200 hect. | 26 cr. per H. | { | 6 crowns of which borne by |
| " | 400 " | 23 " | } | the parties concerned. |
| " | 700 " | 20 " | { | 4 crowns of which borne by |
| " | 1,000 " | 16 " | } | the parties concerned. |
| " | 1,500 " | 13 " | { | 3 crowns of which borne by |
| " | 2,000 " | 11 " | } | the parties concerned. |
| " | 3,000 " | 10 " | | |

Wherever restriping has been carried out it has realised the results expected from it, increased the yield of the land, reduced the cost of production, etc.

MISCELLANEOUS

FRANCE.

I. — CURRENT QUESTIONS.

New Valuation of Landed Property.

Official Sources :

Reports on the Appraisers of Unbuilt on Land for the Year 1910, Paris, 1911.

Report on the Second Decennial Examination of the Valuations for the Land Tax on Built on Land.

La petite propriété rurale en France (*Peasant Property in France*) (Publications of the Agricultural Information Office). Paris, 1909.

Other Publications :

MARTIN (GERMAIN) and MARTENOT (PAUL). La Côte d'Or, étude d'économie rurale (*Cote d'Or, Study in Rural Economics*).

§ 1. *The Present Situation of Built on Land in France.*

By law of 8th. August, 1890, the valuations for the land tax on built on land have to be revised every ten years. The first decennial revision took place in 1900. The second decennial revision for fixing the rental values for purposes of taxation for the ten years from 1st. January, 1911, was made in 1909 and 1910. This was followed, in the exceptional case, by the revision of the cadastre for built on land which, in consequence of successive registrations, had become so confused as to be useless. We shall give the results of these two important operations together.

Number of Built on Landed Properties. — There are now in France 9,613,642 built on properties of every kind, 9,475,786 with houses, and 137,676 with factories.

In 15 departments there are more than 150,000 built on properties. The largest number is not to be found in the department of Seine, but in that of Nord. The Departments may be classified as follows :

| | | | | |
|-------------------------------|---------|---------------------|---|---|
| Nord | 467,305 | built on properties | | |
| Pas de Calais | 246,619 | " | " | " |
| Gironde | 239,262 | " | " | " |
| Seine | 227,328 | " | " | " |
| Seine-Inférieure | 194,404 | " | " | " |
| Seine-et-Oise | 184,231 | " | " | " |
| Loire Inférieure | 169,312 | " | " | " |
| Charente Inférieure | 168,052 | " | " | " |
| Somme | 166,029 | " | " | " |
| Côtes-du-Nord | 161,512 | " | " | " |
| Ille-et-Vilaine | 159,065 | " | " | " |
| Puy-de-Dôme | 157,198 | " | " | " |
| Aisne | 156,147 | " | " | " |
| Maine-et-Loire | 154,985 | " | " | " |
| Manche | 150,699 | " | " | " |

The other departments all have less than 150,000 built on properties and more than 50,000, except four ; Basses-Alpes, (44,133), Lozère (35,902) Hautes-Alpes (31,666), territory of Belfort (13,097).

Rental Value of Built on Properties. — The 9,613,462 properties, the existence of which in France was ascertained at the last decennial revision, have a rental value of 3,672,142,128 francs, also of course distributed very unequally among the departments.

The Department of Seine comes first. The built on properties there have a rental value of 1,206,851,213 francs, or the third part of the total rental value of the built on properties of France.

Then come Nord (194,645,351 frs.). Seine-et-Oise (124,854,014 frs.), Rhône (122,331,920 frs.). Bouches-du-Rhône (101,155,647 frs.), Seine-Inférieure (95,302,764 frs.).

These six departments, the high value of land in which is due to Paris or other large towns being situated in them or in their immediate neighbourhood, alone represent more than half the rental value of the entire built on land of France.

Market Price of Built on Land. — We have not the same guarantee for the accuracy of our information on the market price of built on property as on the rental value. In fact, it was not possible to estimate the market price of each holding directly. The relation between the market price and rental value of houses and factories in each commune has been approximately determined from a consideration of various types of land

property. By applying the above relation to the total rental value of every kind an estimate has been formed of the total market price.

The total market price for all France has been calculated at 64,798,641,000 francs.

It exceeds 18 milliards in Seine, 3 milliards in Nord, 2 milliards in Seine-et-Oise and in Rhône, 1 milliard in each of the four departments of Bouches-du-Rhône, Gironde, Seine-Inférieure and Pas-de-Calais.

In 23 departments it is between 500,000,000 and 1,000,000,000 and in 53 others it varies between 100,000,000 and 500,000,000 and only falls below 100,000,000 in Bases-Alpes, Hautes-Alpes, and Lozère.

§ 2. *Increase in Built on Property in the last Ten Years.*

A comparison of the results given by the last revision with those obtained in 1900 shows us that between the two operations built on properties increased :

in number, by 310,854 or 3.34 % ;

in rental value, by 7,680,698,000 francs or 13.45 %.

These figures testify to the increase in built on property in the last ten years. The increase in the number of properties must be generally attributed to the era of prosperity through which most of the industrial centres have just passed, to the foundation of numerous factories, the opening of railways improving the economic situation of certain regions, and the progress of seaside and inland watering places. The same causes have influenced rental value and market price, but we must add to these the almost universal rise in rents.

If in fact we compare the rental value established at the last revision with that the same properties would have had if the revision had not taken place and it had remained on the basis adopted in 1900, we shall find an average general increase of value of 3.13 % in the rate of rents in ten years. But this 3.13 % does not at all agree with present facts. It indeed corresponds to the increase ascertained at the date of revision, that is in 1910. Now it is principally since then that rates have risen, as the great majority of proprietors waited till the work of revision was completed in order to alter the conditions on which they let out their lands, so as to escape, for the ten years dating from 1st. January, 1911, the increased tax corresponding with their increased rents.

Consequently, the average real increase in the rate of rents is now much more than 3.13 %. But it is not possible to give precise figures for this new increase.

If we confine ourselves to the results obtained at the last revision, we find that at the moment it was being carried out, rents were rising in 75

departments. The maximum increase (14.24 %) was reached in the Alpes Maritimes, owing to the progress and prosperity of the seaside resorts. Next come two departments that have benefited by exceptional industrial progress : Meurthe-et-Moselle (8.98 %) and Savoie (6.31 %). Rents were falling in 12 departments : the decrease was 1.51 % in Lot, 2.17 % in Pyrénées-Orientales, 2.37 % in Haute Garonne 2.64 % in Gironde, 3.06 % in Hérault, 4.74 % in Aude. But this was due to exceptional circumstances, such as the viticultural crisis.

§ 3. *Organization of the Enquiry with a view to the Valuation
of Unbuilt on Land.*

The situation of unbuilt on land is much less satisfactory, as appears from the first report on the appraisers of land revenue. The valuation ordered by the financial law of 31st. December, 1907 is to form the basis of the reform of the rural land tax, fixed up to the present in conformity with the old cadastral valuation of nearly a century ago and therefore presenting the gravest inequalities. The valuation, carried out in concert by the Controller as representative of the Government and the groups representing the taxpayers in each commune, had been completed on the 31st. December, 1910, in 16,719 out of the 36,228 communes, that is to say, in 46 %. It applied to a total area of 20,700,000 hectares or 41 % of the taxable area, 4,781,000 tax officer's orders out of 13,439,000 (or 36 %) and 56 ½ millions of parcels of land on the cadastral register out of about 150 millions. A little later, 1st. May, 1911, the number of communes in which the work was completed was 21,654, with 28 million hectares and 80 million parcels of land. Therefore, by the middle of last spring the valuation of more than half the land had been completed.

It is well to observe that the work only really commenced in 1909, 1908 having been devoted to the study of the methods to be followed in the preparation of instructions and in trials made only in two communes of each department. Now, in 1909, the land of 6,754 communes covering 7,310,000 hectares was valued ; in 1910 that of 9,965 communes covering 13,390,000 hectares ; the rapidity of the work thus increased, and has continued to increase in 1911, to judge by the results of the first four months, which are, it is true, most favourable for this work. If the same average is maintained in the future, the valuation, properly so-called, for the whole of France will be finished towards the end of 1912 or the beginning of 1913, that is to say in a year at most.

It is true that after the work of valuation, properly so called, there still remains a supplementary task to be performed. The inspectors, and then the director of direct taxes in each department, examine

the valuation tariff fixed by the classifiers assisted by the controllers, and may modify it if they do not consider it in conformity with the facts. It was natural that the law should seek to prevent the abuses that might arise from a systematic tendency on the part of the classifiers to reduce the rental value of properties. Besides, the taxing officers have only used their right to modify valuations with extreme prudence. In 92 % of the communes they have examined up to the present they have adopted the classifiers' tariff without any alteration, in 8 % only have they modified it.

Their examination of the communal papers is rapid, but once they have sanctioned the tariff, more protracted operations commence in the tax offices. The calculation of the rental value of each farm must be proceeded with in accordance with the tariff and the class to which its various portions are assigned. The parties concerned must next be advised of these by letter. They are given a term within which to ask for the papers giving the particulars of the valuation of their land in lots; then, after receipt of these papers, another term of two months in which to make their objections. All that takes a certain time. Consequently, on the 31st. December, 1910, there were only 5,153 communes in which the objections of the owners could be examined and the tables showing the final results of the valuation drawn up. Thus, it is to be foreseen that the ultimate completion of the operation will only be realised a good many months after the valuation strictly so called. This will certainly only be in 1914.

The new valuation, which had only cost 8,107,000 francs up to the end of 1910 and will altogether only cost between 15 and 20 millions, will thus be completed in about six years from date of the passing of the law of 31st. December, 1907.

§ 4. *Present State of the Work of Valuation.*

The work of valuation strictly so called, as we have seen, had been completed by the 31st. December, 1910 in 16,719 communes; in 15,490 of these the valuation tariff had been sanctioned by the director of direct taxes and in 13,606 the calculation of the rental value of all the landed properties had been proceeded with. Doubtless this calculation is subject to certain rectifications consequent on objections raised by the taxpayers and, as we have shown, it has only been possible to examine these objections in 5,153 communes. But experience proves that such objections are rather few in number; in the 5,153 communes in which their examination has been proceeded with they only affect a little less than 3 % of the number of holdings representing, indeed, 9 % of the total area and

10 % of the total rental value. But only somewhat less than a fourth of the objections have been allowed and the total of the rental value in the communes under consideration has only been reduced by 2 %. We may therefore practically consider the new valuation completed not only in the 5,153 communes where the objections have been considered, but in the 13,606 communes where the calculation of the rental value has been made for all holdings.

The area of the holdings thus valued is 16,070,000 hectares and the rental value assigned to them is 624,377,000 francs or 39 francs per hectare. The valuation of 1879-1884 gave a net revenue of 783,638,000 francs for these communes ; but the net revenue of the State forests was not included, the enquiry at that date not being extended to this class of landed property. In order to compare the two estimates, we must therefore reduce that of to-day by the 7,837,000 francs it assigns to State forests. Thus we arrive at the following figures :

| | |
|-------------------------------------|-----------------|
| Rental Value in 1879-1884 | Fr. 783,638,000 |
| 1909-1910 | » 616,540,000 |
| <hr/> | |
| Decrease | Fr. 167,098,000 |

Or 21.3 %.

Thus, in thirty years the value of the holdings would have decreased more than one fiftieth. It is well to note that if the valuation of 1879-1884 nearly corresponds to the highest point reached, yet, the present valuation must be slightly above the minimum. The present average rental value is 39 frs. the hectare. The communes under consideration being distributed among all the departments, and covering more than 16 million hectares, or nearly a third of the taxable area of France, it may be taken that these averages apply very nearly to the whole country. It will, however, be useful to examine the variations in land value in the various regions of the country and the consequences that will result from the new valuation from the point of view of taxation, when the latter is based upon it.

§ 5. *Examination of the Regions under Investigation.*

First of all, the fall in value of land is almost general. Only ten departments have escaped : amongst these Seine figures first, with an increase, of 3 % : there is nothing surprising about this when it is considered that almost all the land that can still be counted as rural in this department is today subjected to the most intensive cultivation, generally for market gardening or pleasure grounds, and that in this way it is not exposed to the general causes of depreciation of agricultural land. The most fortun-

ate department is, however, that of Bouches-du-Rhône where the rental value has increased 25 %, owing above all to the extension of the cultivation of early vegetables and fruit, facilitated by the improvement of transport and new irrigation works. In Creuse, the increase is 15 %; the cause of this is the increase of livestock improvement; which has occasioned the extension of artificial meadows; and the clearing of large areas of moor and heath. In Landes we again find an increase of 10 % due to seed plots and plantations of pine forests of more or less extent which are being substituted for valueless wastes.

The six other departments in which rental value has increased form a block in the West of France consisting of four Breton departments: Finistère, Morbihan, Ille-et-Vilaine, Loire-Inférieure and two other adjacent departments, Vendée and Deux-Sèvres, and the increase varies here from 4 to 13 %. In all this region the rise in value is due to the utilisation of considerable areas of moor and marsh, formerly sterile. The departments in which there has been a fall in value may be classed according to the degree of the fall of the rental value.

This is between 3 and 10 % in fourteen departments: Nord, Seine-et-Oise, Seine-et-Marne, Côtes-du-Nord, Sarthe, Loir-et-Cher, Indre, Haute-Vienne, Allier, Loire, Cantal, Lozère, Gard, Basses-Pyrénées.

It is between 11 and 20 % in sixteen departments: Pas-de-Calais, Calvados, Manche, Orne, Mayenne, Marne-et-Loire, Vienne, Eure-et-Loir, Loiret, Cher, Nièvre, Saône-et-Loire, Haute-Loire, Doubs, Haute-Savoie, and Drôme.

Taking all these departments mentioned so far we have altogether forty in which an increase in land value or a decrease of less than the average is observable. Of these forty departments, thirty three form a continuous mass comprising the environs of Paris, Lower Normandy, Bretagne, Poitou, the whole basin of the Loire, (except Puy-de-Dôme), and extending an arm towards the South East from the central mountain mass to the Mediterranean, by way of Cantal, Lozère, Gard and Bouches-du-Rhône. Outside this mass a depreciation under the average is only found in seven departments: the two great departments of industrial progress and very intensive cultivation, Nord and Pas-de-Calais: two departments of the South West, Landes and Basses-Pyrénées; lastly one of the East: Doubs, and two of the South East: Haute-Savoie and Drôme.

If the value of the land is thus relatively maintained in the Centre, the West and North West, and a few scattered departments, it has fallen immensely in nearly all the South, in the East, North East, and a large part of the North.

The fall is between 21 and 30 % in twenty one departments; Somme, Seine-Inférieure, Oise, Aisne, Haute-Marne, Vosges, Belfort, Jura, Côte-

d'Or, Ain, Rhône, Ardèche, Isère, Savoie, Vaucluse, Var, Alpes-Maritimes, Indre-et-Loire, Gironde, Corrèze and Aveyron.

It is between 30 and 40 % in sixteen departments : Ardennes, Meurthe-et-Moselle, Meuse, Marne, Aube, Yonne, Haute-Saône, Hautes-Alpes, Puy-de-Dôme, Charente, Dordogne, Lot, Lot-et-Garonne, Tarn, Ariège, and Hautes-Pyrénées.

Finally, it exceeds 40 % in eight departments, reaching 41 % and 52 % in two very mountainous and very poor departments, Basses-Alpes, and Corsica ; in three departments of the valley of the Garonne, fertile, but specially suffering from a decrease of population, the fall is in the case of Haute Garonne and Gers 46 %, in that of Tarn-et-Garonne 47 %. (1). Last of all, in the three Mediterranean departments we have still to mention it was 45 % in Hérault, 56 % in Pyrénées Orientales, and 73 % in Aude. The chief cause of the depreciation of the land in these three departments is the viticultural crisis which has been specially serious here.

If we now consider no longer the fluctuations in price of rural landed property in the last thirty years, but the present rental value and its variations in the different regions we find very considerable differences.

The rental value per hectare varies between :

| 7 francs and | | 10 francs | | in | | 3 departments | |
|--------------|-----|-----------|-----|----|-----|---------------|--|
| 11 | " " | 20 | " " | 5 | " " | | |
| 21 | " " | 30 | " " | 21 | " " | | |
| 31 | " " | 40 | " " | 22 | " " | | |
| 41 | " " | 50 | " " | 13 | " " | | |
| 51 | " " | 60 | " " | 11 | " " | | |
| 61 | " " | 70 | " " | 5 | " " | | |
| 71 | " " | 80 | " " | 1 | " " | | |
| 81 | " " | 90 | " " | 3 | " " | | |
| 91 | " " | 100 | " " | 1 | " " | | |

It rises to 136 francs in Nord and 272 in Seine.

It would be too long to deal with all the departments here. We shall only indicate those at the two extremes of the scale. The departments with very low rental value, from 7 to 20 francs, are : Basses-

(1) The Population of these departments, according to the census returns, was :

| | In 1906 | In 1911 | Decrease |
|---------------------------|---------|---------|----------|
| Haute-Garonne | 442,065 | 432,126 | 9,939 |
| Gers | 231,088 | 221,904 | 9,094 |
| Tarn-et-Garonne | 188,553 | 182,537 | 6,016 |

Alpes (7 fr.), Corsica (9 fr.), Hautes-Alpes (9 fr.), Lozère (14), Alpes-Maritimes (15), Corrèze (18), Ariège (19), Dordogne (20). On the other hand, the departments with high rental value, above 60 francs, are : Seine (272), Nord (136), Pas-de-Calais (94), Manche (89), Calvados (88), Seine-et-Oise (86), Seine-Inférieure (79), Seine-et-Marne (70), Rhône (70), Ile-et-Vilaine (70), Vendée (66) and Somme (61).

It will not be unprofitable to consider, no longer merely the fluctuations of rental value according to regions, but also according to the kind of cultivation. For the classification of holdings the kinds of cultivation have been grouped for administrative purposes under twelve heads. The average rental value for each of these in all the 13,000 communes under consideration was as under :

| Kind of cultivation or holding | Average Rental Value per hectare Frs. |
|---|---|
| Arable land | 45 |
| Permanent grass, meadows, and pastures | 66 |
| Orchards and fruit tree cultivation | 67 |
| Vineyards | 75 |
| Forests, alder plats, osier holts, etc. | 18 |
| Moors, sheep walks, heath, marsh, etc. | 5 |
| Gardens (not pleasure gardens), market gardens, etc. | 133 |
| Lakes, ponds, pools, horse-ponds, etc. | 31 |
| Pleasure grounds, parks, gardens, sheets of water, etc. | 200 |
| Quarries, slate quarries, sand pits, peat moss bogs, etc. | 31 |
| Dockyards, depositing sites, etc. | 490 |
| Railways | 78 |

The last five classes include only very restricted areas, altogether a little more than 100,000 hectares out of the 16 million considered. The first seven really represent various kinds of cultivation. It would be interesting to examine the variations, according to departments, no longer of the general average rental value but the rental value of each of the kinds of cultivation. However, for sufficiently certain results we must wait till the work is further advanced. At present only a part of the communes in each department, — about a third — has been valued. Consequently, the various portions of the territory of each department are unequally represented among the communes for which the valuation has been completed and certain kinds of cultivation are perhaps only very insufficiently represented. We can only refer to the private enquiry in connection with Côte-d'Or, the results of which were submitted by MM. Germain Martin and Paul Martenot in 1908 to the Academy of Moral and Political Science and published by them in the Library of the Musée Social.

§ 6. *Variations in the Price of Land in Côte-d'Or,
as revealed by a Private Enquiry.*

Very justly, the authors of the report on this Enquiry, first of all observe that rent is not the only factor in the variation of the price of land. Rent is affected by variations in price of agricultural produce, due, as we know, to manifold causes (1). The value of the property may also be affected by alterations in the taxes. The land tax strictly so called has not varied, but, besides the tax, there are the additional departmental and communal centimes ; taxes in substitution of payments in kind ; increased charges on alienation or donation, whether in case of death or arrangement between living persons.

The following table shows the total variations in revenue and taxation for the agricultural property of the Dijon hospital. This establishment escapes payment of succession duties, as its property is land held in mortmain. But we may say the tax on mortmain together with the increase to which it has been subjected equals the transfer dues and the increase of the same. Increased fiscal charges, and decreased revenue is what we find. The revenue from rural landed property has fallen from 160,500 francs to 110,565 francs, and that of forests from 24,800 francs to 19,074 francs, while the taxes have risen from 20,186 to 37,060 francs.

Land Revenue of Dijon Hospital from 1870 to 1909 :

| Years | Revenue from Rural Land | Revenue from Forests | Taxes | Observations |
|----------------|-------------------------------|----------------------------|--------|--|
| | francs | francs | francs | |
| 1870 | 160,511.26 | 24,867 | 20,186 | The increased taxation is due to the imposition of the mortmain tax. |
| 1877 | 168,300 » | 16,900 | 31,619 | |
| 1882 | 177,383 » | 16,180 | 33,530 | |
| 1887 | 168,147 » | 20,560 | 34,647 | |
| 1897 | 132,094 » | 17,868 | 34,700 | |
| 1905 | 119,565 » | 19,074 | 37,060 | Increase due to taxation in substitution of payment in kind. |

(1) See "*Bulletin*" of Economic and Social Intelligence, October 31st, 1911 "*The High Food Cost in France*" pp. 199 et seqq.

What is the result from such factors? To give an exact reply we must study the variations in value of the several classes of cultivated lands.

1. *Wooded Land*

| | Average Price per Hectare | Francs |
|-----------|------------------------------|--------|
| 1801-1810 | . | 560 |
| 1811-1820 | . | 615 |
| 1821-1830 | . | 650 |
| 1831-1835 | . | 753 |
| 1850 | . | 596 |
| 1879 | . | 702 |
| 1882 | . | 624 |
| 1892 | . | 632 |
| 1907 | . | 500 |

The price is per hectare of forest trees and underwood, the most common type in Côte-d'Or. Such conditions, according to the valuation, brought in 1850, 21.30 frs. per hectare, or 3 ½ % on the capital without deduction of expenses. To-day underwood gives at most a revenue of 2 %; on the contrary well tended forest trees give an annual return of about 4 %.

2nd. *Arable Land*. — From the Enquiries and other information we obtain the following average prices per hectare :

| | frs. | | frs. |
|-----------------|-------|---------|-------|
| In 1852 | 1,126 | In 1879 | 1,326 |
| 1870 1st. class | 2,776 | 1882 | 1,070 |
| — 2nd. class | 1,887 | 1892 | 1,010 |
| — 3rd. class | 999 | 1907 | 1,100 |

But we must not forget that these averages are extremely relative. Certain chalk lands, too dry and too poor, and remote from villages, are only worth between 100 and 150 francs. The price per hectare varies not only from commune to commune, but even in one and the same district, from holding to holding. Thus the decrease in value is more marked than is shown by the above averages in the commune of Pellerey (Canton Saint-Seine-l'Abbaye) :

| | In 1867 frs. per hectare | In 1907 frs. per hectare |
|---|--------------------------------|--------------------------------|
| Good quality : 1/20th. of the cultivable area | 3,000 | 1,800 |
| Fair " : 1/3 rd. " " " " | 1,500 | 900 |
| Poor " : the rest " " " " | 150 | 80 to 90 |

At Saint-Germain-les-Senailly, in the canton of Montbard, the fluctuations in price have been quite different. The value has varied little in 50 years, the agricultural crisis has had no effect upon the price of land.

In the arrondissement of Chatillon, one of those that had least benefited by the agricultural progress at the commencement of the twentieth century, the decrease is very marked. A *journal* (28.14 ares) of first class land bought 50 years ago at 1,100 francs is now worth 400, having decreased about 65 % in value.

At Perrigny-sur-l'Ognon, on the banks of the Saône, land has depreciated by $\frac{2}{3}$ rds of its value.

Price of typical holdings :

| | | | | |
|--------------|-----------|----------|-------------|----------|
| 17.65 ares : | in 1856 : | 600 frs. | — in 1908 : | 210 frs. |
| 9.75 " : | in 1860 : | 330 " | — in 1908 : | 100 " |
| 8.00 " : | in 1872 : | 350 " | — in 1908 : | 100 " |
| 25.40 " : | in 1879 : | 720 " | — in 1908 : | 350 " |
| 26.95 " : | in 1885 : | 620 " | — in 1908 : | 350 " |

In accordance with these observations, we may say that in Côte d'Or, arable land now estimated at 1,000 francs is rented at about 45 francs : after deduction of expenses it brings in approximately 3.75 %. Between 1855 and 1875 the same land yielded its owner on an average from 4 to 4 $\frac{1}{4}$ %

3rd. *Permanent Grass*. — Permanent grass has undergone the following variations in price :

| | | | |
|---------|-----------|-----------|-------------|
| In 1850 | | 2,506 fr. | the hectare |
| 1879 | | 2,839 | " " |
| 1882 | | 2,170 | " " |
| 1892 | | 1,998 | " " |
| 1907 | | 2,600 | " " |

Enquiries made in 1850 showed an average revenue of 3 %. To-day the meadows bring in more : about 4 or 4 $\frac{1}{2}$ %. This increase is due to the very marked rise in the price of meat. (1)

(1) For the same reason other private enquiries show that the increased value of grass land is general. In Berry, between 1890 and to day the meadows have maintained their value (BÉNARD : *Ouvriers Agricoles de l'Indre*, (*Agricultural Labourers of Indre*) 8vo, 1907, pp. 11). In Lower Normandy, grass land sells at from 1,200 to 1,500 frs more than land of better quality (DE FELICE : *la Basse Normandie*, Paris, 1907, pp. 387). In the valley of Veyre near Issoire (Puy-de-Dôme) orchard meadows sell at 40,000 francs the hectare (*Monthly Bulletin of the Horticultural and Viticultural Society of Puy-de-Dôme*, September, 1908, pp. 130).

4th. *Vineyards*.— Finally, the fall in value is more evident in the case of land cultivated with vines than in any other class.

In 1852 a hectare of vineyard was estimated, on an average, at 3,631 frs.

| | | |
|----------------|-------|---|
| 1879 | 4,414 | " |
| 1882 | 2,550 | " |
| 1892 | 2,032 | " |
| 1907 | 1,800 | " |

We must look beyond these averages for the fluctuations in price of the various kinds of vineyards.

The depreciation of the land producing the most ordinary wines is very marked. In Châtillonnais where ground suitable for vines is rare, an are was worth from 40 to 50 francs before the coming of the phylloxera. To-day it sells at from 5 to 10 francs. At Saint-Germain-lès-Senailly, an *ouvrée* (5.25 ares), sold for 100 francs 50 years ago, is now worth 20 francs. At Corgoloin, a vineyard bought at 400 francs the *ouvrée* in 1860 was sold for 140 in 1908.

The vineyards for special wines also have fallen in value. The *Bonne-mare* vineyards, sold at 1,200 francs the *ouvrée* in 1875, were worth 800 francs in 1908. This is owing to there being no market.

The price of the best vineyards, on the contrary is well maintained and above the figures we have given. The *Romanée-Tache* is now worth from 40 to 45,000 francs the hectare. In 1906 the *Richebourg* vineyards found purchasers at 50,000 francs the hectare and the *Romanée-Saint-Vivant* at 55 or 60,000 francs; the *Malconsorts* at 34,500 francs, the *Musigny* between 40 and 42,000 francs.

The Enquiry of MM. Germain Martin and Paul Martinot provide us with a final reflection: whatever category it belongs to, land capable of subdivision permitting small and average farmers to round off their lots, is sold at higher prices than land held by a single person and indivisible. In the canton of Saint-Seine-l'Abbaye, land of the same character is sold for 1,300 francs if capable of subdivision and in other cases for 400 francs. Dealers in land unanimously declare that, as much as they seek areas easily subdivisible, they as much refuse to buy large properties that have to remain intact.

*§ 7. The Situation of two other Departments as it appears
from an Enquiry carried out by the Agricultural Information Office.*

The monograph reports of the enquiries undertaken in 1908-1909 by the Agricultural Information Office of the Agricultural Department give for some other departments details similar to those we have considered in the case of Côte-d'Or.

Thus, in the department of Ardennes, the depreciation has been above all noticeable in the case of lands planted with vines, which it seems will soon completely disappear from the region. But it has extended also, though in less degree, to land cultivated in other ways. In twenty years, in Rocroi, there has been a uniform fall in price of 40 %; in the central region a fall of 40 % (arable land), 38 % (permanent grass), 60 % (vineyards), 35 % (market gardens); in Champagne, a similar fall of 25 %, 40 %, 50 % and 50 %. This phenomenon of such accentuated depreciation is due to the exaggerated desertion of the country districts, due to a large extent to Ardennes being a strictly industrial department.

For Isère, again, it has been possible to draw up the following table per canton.

| Cantons | Arable Land | | Permanent Grass | | Vineyards | | Market Gardens | | Pasture and Grazing Land | |
|---|---------------|--------------------|-----------------|--------------------|---------------|--------------------|----------------|--------------------|--------------------------|--------------------|
| | Present Value | Value 20 years ago | Present Value | Value 20 years ago | Present Value | Value 20 years ago | Present Value | Value 20 years ago | Present Value | Value 20 years ago |
| | francs | francs | francs | francs | francs | francs | francs | francs | francs | francs |
| <i>Arrondissement of Grenoble.</i> | | | | | | | | | | |
| Alleverd | 2,600 | 3,000 | 900 | 1,100 | 3,500 | 7,000 | 8,000 | 7,000 | 200 | 300 |
| Bourg d'Oisans | 2,300 | 3,500 | 1,700 | 2,500 | — | — | 4,300 | 7,500 | 360 | 450 |
| Clelles | 940 | 1,200 | 1,500 | 1,800 | 1,600 | 2,540 | — | — | 200 | 370 |
| Corps | 1,700 | 2,400 | 2,000 | 2,480 | 3,000 | 4,000 | 3,000 | 4,000 | 300 | 450 |
| Domène | 2,000 | 2,900 | 1,750 | 2,570 | 3,500 | 4,500 | 3,300 | 4,500 | 600 | 800 |
| Goncelin | 2,500 | 2,800 | 1,200 | 1,600 | 3,500 | 5,200 | 2,000 | 5,000 | 1,200 | 1,400 |
| Grenoble (N., E., S.) | 3,010 | 4,060 | 2,500 | 3,000 | 4,770 | 7,250 | 4,270 | 5,190 | 500 | 650 |
| Mens | 1,100 | 1,550 | 2,300 | 2,750 | 3,000 | 3,800 | — | — | 200 | 250 |
| Monastier de Clermont . . | 750 | 1,100 | 1,800 | 2,200 | 1,700 | 2,000 | — | — | 100 | 125 |
| La Mure | 2,400 | 2,750 | 3,300 | 4,000 | 4,500 | 6,000 | 7,000 | 8,000 | 450 | 550 |
| Sant Laurent du Pont . . . | 2,050 | 2,300 | 2,200 | 2,450 | — | — | 2,400 | 2,000 | 500 | 600 |
| Sassenage | 3,000 | 3,600 | 3,300 | 3,500 | 3,400 | 5,000 | 5,000 | 5,000 | 400 | 600 |
| Le Touvet . . . | 1,350 | 2,100 | 1,450 | 2,800 | 2,050 | 4,270 | — | — | 350 | 500 |
| Valbonnais . . . | 2,900 | 4,300 | 2,700 | 3,900 | 4,500 | 10,000 | 5,000 | 7,000 | 550 | 600 |
| Vif | 2,600 | 3,800 | 2,700 | 3,800 | 2,300 | 4,000 | 3,500 | 5,000 | 600 | 1,000 |
| Villard de Lans | 2,300 | 2,200 | 2,750 | 2,550 | — | — | — | — | 500 | 900 |
| Vizille | 2,900 | 3,500 | 2,850 | 3,600 | 5,200 | 6,000 | 6,000 | 8,000 | 800 | 1,200 |
| Voiron | 2,100 | 2,800 | 2,800 | 3,600 | 2,200 | 6,000 | 5,000 | 5,500 | 500 | 600 |
| <i>Arrondissement of Saint-Marcellin.</i> | | | | | | | | | | |
| Pont en Royans | 1,500 | 1,580 | 2,450 | 2,620 | 2,300 | 1,850 | 6,000 | 5,000 | 200 | 200 |
| Rives | 1,350 | 3,030 | 2,860 | 5,260 | 2,220 | 4,850 | 5,000 | 6,000 | 400 | 750 |
| Roybon | 2,100 | 3,200 | 1,850 | 2,300 | 1,950 | 2,000 | 1,500 | 1,300 | 400 | 360 |
| S. Etienne de Geoire . . . | 1,500 | 1,750 | 2,550 | 2,900 | 2,300 | 2,600 | 2,500 | 2,300 | 300 | 500 |
| S. Marcellin . . | 1,580 | 2,050 | 2,580 | 3,320 | 2,260 | 3,100 | 3,800 | 2,800 | 450 | 450 |

| Cantons | Arable Land | | Permanent Grass | | Vineyards | | Market Gardens | | Pasture and Grazing Land | |
|---|---------------|--------------------|-----------------|--------------------|---------------|--------------------|----------------|--------------------|--------------------------|--------------------|
| | Present Value | Value 20 years ago | Present Value | Value 20 years ago | Present Value | Value 20 years ago | Present Value | Value 20 years ago | Present Value | Value 20 years ago |
| | francs | francs | francs | francs | francs | francs | francs | francs | francs | francs |
| <i>Arrondissement of Saint-Marcellin.</i> | | | | | | | | | | |
| Tullins | 2,170 | 2,700 | 2,050 | 2,150 | 2,100 | 2,600 | 2,005 | 2,300 | 500 | 550 |
| Vinay | 2,280 | 2,550 | 3,100 | 3,100 | 2,130 | 2,300 | 3,800 | 3,800 | 450 | 450 |
| <i>Arrondissement of la Tour-du-Pin.</i> | | | | | | | | | | |
| Bourgoin . . . | 1,600 | 2,100 | 2,600 | 3,100 | 2,550 | 3,000 | 3,000 | — | 500 | 650 |
| Crémieux . . . | 1,600 | 2,500 | 2,050 | 3,050 | 2,580 | 3,400 | 4,000 | 4,500 | 350 | 400 |
| Grand-Lemps . | 1,360 | 1,780 | 3,000 | 4,000 | 2,300 | 2,700 | 3,600 | 3,706 | 400 | 475 |
| Morestel . . . | 1,590 | 1,920 | 2,550 | 3,200 | 2,520 | 2,900 | 3,000 | 3,509 | 300 | 350 |
| Pont de Beauvoisin | 2,300 | 3,500 | 2,820 | 3,400 | 3,990 | 3,400 | 5,000 | 5,000 | 600 | 650 |
| Saint-Geoire . . | 2,150 | 2,300 | 2,300 | 2,800 | 2,800 | 2,900 | 3,000 | 3,000 | 450 | 475 |
| La Tour-du-Pin | 1,450 | 2,420 | 3,000 | 3,900 | 2,500 | 3,300 | 4,000 | 5,000 | 350 | 350 |
| Virieu | 1,800 | 2,000 | 2,200 | 2,600 | 2,600 | 2,800 | 2,400 | 2,400 | 350 | 350 |
| <i>Arrondissement of Vienne.</i> | | | | | | | | | | |
| Beaurepaire . . | 1,650 | 1,870 | 2,500 | 2,600 | 2,750 | 3,300 | 3,000 | 2,900 | 500 | 550 |
| La Côte S. André | 1,660 | 1,660 | 2,800 | 3,700 | 2,700 | 3,900 | 2,800 | 3,000 | 350 | 350 |
| Meyrieux . . . | 1,800 | 2,200 | 2,600 | 2,900 | 2,900 | 3,350 | 3,000 | 3,000 | 300 | 350 |
| Meyzieux . . . | 925 | 1,568 | 1,600 | 2,209 | 2,590 | 3,155 | 2,066 | 2,066 | 160 | 525 |
| Roussillon . . . | 2,255 | 3,273 | 3,436 | 4,516 | 2,133 | 3,342 | 2,840 | 3,450 | 520 | 670 |
| S. Jean de Bour-nay | 1,750 | 2,354 | 2,975 | 3,845 | 2,590 | 3,433 | 2,540 | 2,800 | 940 | 1,075 |
| S. Symphorien d'Ozon . . . | 2,404 | 3,104 | 3,090 | 3,936 | 2,781 | 3,466 | 4,575 | 4,891 | 875 | 1,125 |
| La Verpillère . | 1,763 | 2,340 | 2,553 | 3,157 | 3,086 | 3,793 | 3,814 | 4,500 | 635 | 835 |
| Vienne (Nord et Sud) . . . | 1,790 | 2,058 | 2,654 | 3,016 | 2,430 | 2,618 | 4,328 | 5,275 | 500 | 1,057 |

§ 8, *Fiscal Consequences of the new Valuation.*

If now, coming back to the valuation in course, we ask what will be its consequences from the point of view of taxation we must first suppose that unbuilt on land will be taxed at the rate voted by the Chamber when the income tax bill was under discussion, a rate, which it seems will be also approved by the Senate. The tax would be 4 % of the net revenue, and this revenue would itself be considered as $\frac{4}{5}$ th. of the rental value, so that the tax would at last be 3.2 % of the latter.

Now, the rental value of the holdings in the 13,606 communes for which the valuation is completely terminated amounts to 616,540,000 francs. The net taxable income would then be 493,242,000 francs, and the corresponding tax at 4 % would amount to 19,729,000 frs. At present, without including the additional centimes whether departmental or communal, the state land tax alone in the communes considered reaches a total of 36,571,000 francs. The tax would therefore be reduced by 16,842,000 francs or 46 %.

All the departments would be relieved except Corsica, and the relief would vary from 11.6 % in Loire-Inférieure to 71.1 % in Aude. In four departments it would be between 11.6 and 20 % ; in nine, between 20 and 30 % ; in thirteen, between 30 and 40 % ; in twenty-two, between 40 and 50 % ; in twenty-nine, between 50 and 60 % ; in nine, it would exceed 60 %. Yet it is well to observe that these calculations are made on the supposition of the universal application of the rate of 4 %, without taking into account the reductions and "abatements" contemplated in the text as passed by the Chamber in favour of very small land holders.

II. — BIBLIOGRAPHY.

Publications of Recent Date relating to Agricultural Economy in General.

- AULANDIER (A) : Le problème de la repopulation des campagnes. (*The problem of the Repopulation of the Country Districts*) (Thesis). Le Puy. Peyriller, Rouchon and Gamon, Printers. 1911. 8vo. 85 pp.
- FRAIX DE FIGON (P. DE) : Le Métayage en Bourbonnais, au point de vue économique et social (*Metayage in Bourbonnais, from the economic and social point of view*) Paris, A. Rousseau, 1911. 8vo. 231 pp.
- GUILLARD (CAMILLE) : Manuel populaire et pratique pour constituer un bien de famille insaisissable et indivisible (*Popular and Practical Manual for the Formation of Undistrainable and Indivisible Homesteads*). Paris, Giard and Brière, 8vo. 1912.
- ARDOUIN-DUMAZET : Les Petites industries rurales (*Small Rural Industries*). Paris, Gabalda, 1 vol. 12°, 1912.
- HESTEAU (X) : Aperçu économique sur l'industrie et le commerce du beurre en Mayenne (Cantons de Craon, Cossé-le-Vivien, Loiron) (*Economic Sketch of the Butter Industry and Trade in Mayenne*). (Thesis). Laval, Printed by the Widow A. Goupil. 1911. 8vo. 114 pp.
- BONNEFOY (C) : La situation forestière dans la Creuse (*Forestry Situation in Creuse*). Limoges. Printed and Edited by Ducourtieux and Gout, 1911, 8vo. 12 pp.
- PIQUET (VICTOR) : La Colonization française dans l'Afrique du Nord. (*French Colonization in North Africa*). Paris, Armand Colin, 1912. 1vol. crown 8vo. 548 pp.
- RÉSULTATS DE LA DEUXIÈME RÉVISION DÉCENNALE DU REVENU NET DES PROPRIÉTÉS BATIES (*Results of the Second Ten Years' Inquiry into the Net Income from Built on Land Property*). (Law of August 8th., 1890, art. 8). Report to M. L. L. Klotz, Minister of Finance, by M. Maurice Bloch, State Councillor, Director General of Taxes. Paris, National Press, 1912 (February 5th.) large 4to, 203 pp. plans and diagrams.

- Reorganization of the Service of the General Management of Waters and Forests at the Agricultural Department.* (Execution of Circular n° 78r). Simplification of the Service. Reduction of the Formalities and Documents, Correction of those printed. Report by M. Duhar, Member of the Reorganization Commission. Paris, National Press, 1912 (February 5th) 4to. 32 pp.
- Reorganization of the Service of the General Management of Waters and Forests* (Execution of Circular No. 78r). Simplification of the Service, Reduction of the Formalities and Documents, Correction of those printed, Bookkeeping. Report by M. Bazaille, Member of the Reorganization Commission, Paris National Press, 1912 (February 5th.) 4to. 10 pp.
- Reorganization of the Service of the General Management of Waters and Forests.* (Execution of Circular No. 78r). Simplification of the Service, Reduction of the Formalities and Documents. Correction of those printed in connection with Mountain Improvement, Reafforestation and Amelioration of Pasture Land. Report by M. Watier, Member of the Reorganization Commission. Paris, National Press. 1912 (February 5th.) 4to. 53 pp.
- Reorganization of the Service of the General Management of Waters and Forests* (Execution of Circular No. 78r). Study of the new Functions to be assigned to the Administration of Waters and Forests. Report by M. Mathey, Member of the Reorganization Commission. Paris. National Press, 1912 (February 3rd.). 4to. 20 pp.
- Reorganization of the Service of the General Management of Waters and Forests* (Execution of Circular No. 78r). New Funds for the Reorganization of the Administration of Waters and Forests. Report by M. Watier, Member of the Reorganization Commission. Paris, National Press, 1912 (February 3rd.) 4to. 41 pp.
- Reorganization of the Service of the General Management of Waters and Forests.* (Execution of the Circular, No. 78r). Rules for the Staff. Report by M. Voldemange, Member of the Reorganization Commission. Paris. National Press, 1912 (February 3rd.) 4to 45 pp.
- Reorganization of the Service of the General Management of Waters and Forests.* (Execution of the Circular, No. 78r). Uniformity of System for the Officers of the Staff. Report by M. Chambeau, Member of the Reorganization Commission. Paris, National Press 1912 (February 3rd.) 4to. 169 pp.
- Reorganization of the Service of the General Management of Waters and Forests.* (Execution of Circular No. 78r). Privileges in Kind accorded to the Staff, Heating, Lodging, Land, Special Schools, Medical Attendance and Medicines, Various Remunerations, Gratuities, Compensations, Benefits. Report by M. Gaildrat, Member of the Reorganization Commission. Paris, National Press, 1912 (February 5th.) 4to. 23 pp.
- Reorganization of the Service of the General Management of Waters and Forests* (Execution of Circular No. 78r). Preliminary Considerations, study relative to the Special Services, Technical Commissions, River Watchers, Guards for the Roads, Auxiliaries, etc. General Organization to be adopted in consequence of the Measures proposed in this Study. Report by M. Briot, Member of the Reorganization Commission, Paris (National Press) 1912 (February 5th.) 4to, 91 pp.
- Reorganization of the Service of the General Management of Waters and Forests* (Execution of Circular No. 78r). Extension of the Duties of the Officers and Reduction of the Number of

Offices. Report by M. Gaidrat, Member of the Reorganization Commission. Paris. National Press. 1912, (February 5th.) 4to. 12 pp.

Reorganization of the Service of the General Management of Waters and Forests (Execution of Circular No. 781). Cost of the Rounds. Report by M. Emery, Member of the Reorganization Commission. Paris, National Press. 1912 (February 5th.) 4to. 7 pages.

Reorganisation of the Service of the General Management of Waters and Forests (Execution of Circular No. 781). Professional Instruction of Officers. Report by M. Pierret, Member of the Reorganization Commission. Paris. National Press (February 5th.) 4to. 32 pp.

Reorganization of the Service of the General Management of Waters and Forests. (Execution of the Circular No. 781). Régime of the Permanent Office, Organization of the Offices, Plant Library, Circular, Administrative Bulletin, Archives. Report by M. Forget, Member of the Reorganization Commission. Paris, National Press. (February 5th.) 4to. 171 pp.

L. A. B. I. 75.

IMPERIAL AGRICULTURAL RESEARCH
INSTITUTE LIBRARY
NEW DELHI.

[illegible]